

Not to 'The'

The Global Newspaper Edited and Published in Paris

INTERNATIONAL Herald Tribune

Published With The New York Times and The Washington Post PARIS, TUESDAY, MAY 5, 1992

Subscription rates and contact information for various countries.

In Scarred L.A., Political Fallout as Curfew Is Lifted

White House Blames the Unrest On the Democrats and Welfare

By Paul F. Horvitz. WASHINGTON — The White House on Monday said welfare programs had caused the rioting in Los Angeles, the deadliest of the century, asserting that the "destructive forces" created by Democratic social programs of the 1960s and 1970s were at the root of the disturbances.



Two youngsters walking past a guardsman in the riot-damaged area of Los Angeles, where schools reopened on Monday.

Reduced U.S. Social Spending Fanned the Embers of Bitterness

By Edward Walsh. CHICAGO — Just as they did more than a century ago, televised scenes of burning buildings and rampaging mobs of looters in Los Angeles have delivered a powerful reminder that parts of many of the nation's big cities are deeply troubled places where poverty, crime and violence breed the form an explosive mix.

With a Survivor's Calm, Clinton Looks to November

By Robin Toner. WASHINGTON — Bill Clinton says he will not be another Michael S. Dukakis. If President George Bush's press secretary wants to throw around slurs like "Slippery Hill," as he did last week, Mr. Clinton says he will counter.

Kiosk

Dow Ends at Record As Fears Wither

NEW YORK (UPI) — Wall Street stocks rallied on Monday as computer-driven trading strategies overtook the riot-induced decline on Friday, and the Dow Jones industrial average rose more than 40 points to a record high.

Soviets Dumped Nuclear Waste in Arctic Waters

By Patrick E. Tyler. MURMANSK, Russia — For three decades the nuclear-powered Soviet Navy and icebreaking fleet have dumped much of their radioactive waste in the Arctic, the Russian authorities now acknowledge.

North Korea Opens Up, but Not Much, for a Group of Foreigners

By T. R. Reid. CHONGJIN, North Korea — With a menacing look in his eyes and a "make-my-day" snarl on his lips, the soldier shouted "Sot! Sot!" — "Halt! Halt!" — and reached back for the rifle strapped over his shoulder.

Bonn Says It Is Ready To Increase Wage Offer

As the Strike Widens, Union Officials Vow To Maintain Pressure. By Richard E. Smith. FRANKFURT — The German government said Monday that it was ready to sweeten its pay offer for public workers as their strike entered a second week and expanded sharply.

Germany Will Unveil a Budget Plan That Underlines Its Hard-Line Stance on Spending

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Holiday Visions Of Sunny Shores End at Airport

By Marc Fisher. COLOGNE — Beate Kurz and Linda Waldenberg arrived at the airport here on Monday ready for what they had been dreaming of every day of the dreary, gray German winter — a month in the sunny Canary Islands.

Former Socialist Countries, and We Cannot Buy Oil and Other Resources from Them in Time to Meet Current Needs

He said Kim Il Sung's constant refrain of "self-reliance" is still the government's watchword. "We never beg," he added, but we just want foreign countries "to be generous."

MARKET SUMMARY: Dow Jones Industrial Average closed at 3,378.13, up 42.04 points.

THE DOLLAR IN NEW YORK: DOLLAR 1.847, POUND 1.7785, YEN 153.20, FF 5.5925.

MARKET SUMMARY: Various international market indicators and exchange rates.

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An Algerian Court Sentences 13 Fundamentalists to Death

By Youssef M. Ibrahim
New York Times Service

PARIS — An Algerian military court issued death sentences on Monday to 13 men linked to an outlawed Muslim fundamentalist opposition party.

The men, on trial under martial law rules, were found guilty of attacking an army post near the Tunisian border in November. Three soldiers were killed and the government said, mutilated by the accused.

One of the 13, who is a fugitive, was condemned in absentia.

It was the first major trial of opponents

of the military-backed Algerian government that took power in January after a coup forced President Chadli Bendjedid out of office and replaced him with a state council headed by Mohammed Boudiaf.

The trial was the latest installment in a campaign that began in January against Muslims. Since then, the government has banned the Islamic Salvation Front, Algeria's principal opposition party, after canceling parliamentary elections won overwhelmingly by the party. The government has also jailed virtually all the Front's top leadership and placed at least 9,000 of its middle-level officials in five detention camps in the Algerian desert.

Before it was silenced by the wave of arrests, the Front had been asking for a return to free elections and the removal of the current government.

Until February, the Front denied any responsibility for killings of army or police soldiers. But in late March it appeared for the first time to take responsibility for the assassination of two army soldiers in Algiers, and it has hinted ever since in underground communiqués of plans for more armed resistance.

Armed clashes between government forces and fundamentalists have resulted in the deaths of at least 31 Algerian soldiers or policemen. At least 70 fundamentalists

are known to have been killed as well. But the movement continues to maintain that none of its members were responsible for the killings at the border post.

The government appears also to have cracked down on both the foreign and Algerian press. Last week, the resident correspondent of the French daily Le Monde, Georges Marion, was expelled. Several Algerian journalists have been arrested, and the premises of other newspapers, particularly those affiliated with the Islamic movement, have been searched by the police and security forces.

In January, eight journalists from the pro-fundamentalist El Khabar were arrested and then released after an investigation.

In March, the editor of an independent, critical weekly, L'Hebdo Libéré, was jailed for two weeks.

Much of the independent press, which burgeoned during the two years of liberalization that preceded the January coup, has zeroed in on the performance of Prime Minister Sid Ahmed Ghozali and his government. Mr. Ghozali was a principal figure in bringing about the coup, along with senior army generals.

Since January, Mr. Ghozali has failed to fashion a comprehensive economic and social program to deal with the country's structural problems.

90 Yugoslav Troops Returned by Bosnia

Compiled by Our Staff From Dispatches

SARAJEVO, Bosnia-Herzegovina — Bosnian forces Monday handed over to UN peacekeepers a group of 90 Yugoslav troops captured in an ambush in Sarajevo after the federal army demanded their return, UN sources said.

The Bosnians also agreed to release 84 more soldiers taken prisoner during fighting with the Bosnian Territorial Defense Force.

The army threatened to kill a detained bodyguard of the Bosnian president, Alija Izetbegovic, if the soldiers were not released, according to the European Community envoy, Colm Doyle.

The troops were seized on Sunday while evacuating their headquarters under a safe passage negotiated by UN and EC officials. The army said four soldiers were killed in the attack.

The Bosnian leadership has not admitted the casualties but said: "We regret there was some shooting. It was not on orders of the territorial defense; it was by men who acted in response to what had been done to the city by Kukanjac."

That was a reference to the recent heavy bombardment of Sarajevo, which the Bosnian side blames on federal army units led by General Milutin Kukanjac, its commander in Bosnia.

The UN sources said the men released were being taken to the

army's Lukavica barracks near Sarajevo airport. There was no immediate word on the fate of the presidential bodyguard.

The ambush of the evacuation convoy came during a weekend of heavy fighting between Serbs and Muslims in Sarajevo. Fighting continued Monday, and witnesses reported an artillery battle along the Miljacka River between the parliament building and the railroad station. Three federal army planes dropped flares near a Sarajevo television transmitter outside the capital, the witnesses added.

Later, heavy shelling resumed in central Sarajevo.

Croatian radio reported that Yugoslav Air Force planes had attacked the southwestern town of Mostar with rockets on Sunday night for the first time since the fighting began eight weeks ago. It said one person had been killed and 11 wounded in the attack, of which it gave no more details.

A meeting between President Izetbegovic, who was released from 24 hours of army custody Sunday night, and General Kukanjac, who had been trapped in his headquarters, was postponed because the two sides apparently could not agree where or when to gather.

Marrack I. Goulding, the latest senior UN envoy to join the peace efforts, arrived in Belgrade on Monday and called the situation "very serious." (Reuters, AP)



Soldiers trying to cope on Monday as angry Belgrade residents forced their way into the Federal Defense Ministry to demand that their children, serving in the federal army in Bosnia-Herzegovina, be allowed to return. Some 200 parents were involved in the struggle.

Rockets Hit Kabul, Top Rebels Arrive

Compiled by Our Staff From Dispatches

KABUL — Three senior Afghan guerrilla leaders arrived Monday in Kabul, as at least 30 rockets fired by a rival guerrilla chief killed 13 people and wounded 77.

Kabul radio reported that all the casualties had been caused by rockets fired into the city by forces loyal to a hard-line guerrilla chief, Gulbuddin Hekmatyar.

The noise of the rocket explosions was joined to night fall by the sound of hundreds of weapons being fired to welcome the newly arrived leaders.

Kabul's night sky was illuminated

ed by tracer bullets, anti-aircraft shells and rocket-propelled grenades exploding in the air as Burhanuddin Rabbani, Mawlawi Nabi Mohammadi and Abdul Kasul Sayaf drove in at the head of hundreds of vehicles.

Thousands of jubilant people lined the route to the office of the new head of the Islamic government, Sibghatullah Mojaddidi, many of them carrying flowers.

The three leaders had driven from their base in the Pakistani frontier city of Peshawar with the Shiite Muslim leader, Ayatollah Asif Mohseni, and the chief of Afghanistan's Wahabi sect.

With them were also senior representatives of Mr. Hekmatyar, whose forces fired at least 30 rockets at the capital on Monday to underscore his opposition to the Mojaddidi government.

Mr. Rabbani, whose main field commander, Ahmed Shah Masoud, was largely responsible for the collapse of the former government, congratulated the heroes of the "holy war" and prayed for the survival of the Islamic government.

The presence of the guerrilla leaders will bolster Mr. Mojaddidi in his struggle with Mr. Hekmatyar but could result in more of the factional fighting that a complex negotiating formula was designed to avoid.

The rocket barrage began during the night in the south of the city, where government forces responded by bombarding what they said were rebels advancing on the city.

Government shells could be seen hurtling on the crest of a ridge overlooking the southern approaches to Kabul, and heavier firing was audible farther away.

Columns of dust and smoke rose over Kabul as shells or rockets, apparently fired by Mr. Hekmatyar's forces, hit the center and areas around the airport. Six landed around the Red Cross delegation.

Mr. Hekmatyar said over the weekend that he would go back on the offensive against the Kabul government unless his demands for the removal of militia forces and for political changes were met.

Meanwhile, concerns intensified about the interim government's ability to prevent reprisals against former officials of the deposed regime. (Reuters, AP)

Islamists Cork The Liquor at A Kabul Hotel

KABUL — Mujahidin leaders closed the bar at a leading hotel on Monday as they clamped Islamic law on the capital after 14 years of godless Communist rule.

The Islamic Society group, led by the new defense minister, Ahmed Shah Masoud, ordered the Intercontinental Hotel to stop selling alcohol, a hotel staff member said. The group has controlled the area around the hotel since Kabul fell last week.

The management had argued that only foreigners used the hotel, because at \$100 a night it was too expensive for local people. The argument was also made that as an international hotel it should continue to serve alcohol — at least to non-Muslim guests.

"But they refused and told us to stop serving alcohol right now," the staff member said.

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U.S. Has Record of Dumping Nuclear Waste

New York Times Service

The Soviet Union was not the first nation to discard its radioactive wastes at sea, but dumping by Britain, Japan, the United States and other nations has been limited to material with a lower level of radioactivity than what the Soviets are believed to have dumped.

Much of the dumping by the United States and several European countries has been at a deep-ocean site in the northeast Atlantic monitored by the International Atomic Energy Agency.

Nations that signed an anti-dumping convention agreed to a moratorium on the dumping of radioactive material in 1983. This moratorium is still in effect.

In the early years of the U.S. nuclear submarine program, captains would at times flush the radioactive coolant waters from their reactor plants directly into the sea, but the practice ended in the early 1960s, a former submarine commander said.

Admiral Hyman G. Rickover, an early promoter of nuclear propulsion, realized that inattention to safety could undermine political support for naval nuclear power. Rigorous controls for handling radioactive wastes were introduced in the late 1960s and early 1970s.

From 1946 to 1970, the Atomic Energy Commission supervised the disposal of about 107,000 drums of low-level radioactive wastes

off the Atlantic and Pacific coasts, according to the commission's history and a report by Daniel P. Finn for the Senate Intelligence Committee.

Some radioactive waste containers were dumped in the 1950s in 300 feet (90 meters) of water 12 miles (20 kilometers) from Boston Harbor, and other containers were dumped around the Farallon Islands off San Francisco.

U.S. ocean dumping of low-level radioactive wastes ended about 1970 with passage of the Marine Protection, Research and Sanctuaries Act.

—PATRICK E. TYLER

DUMP: Soviets May Have Contaminated Rich Arctic Fishing Grounds

(Continued from page 1)

take measurements and samples, because we are concerned about future contamination from really big sources over 10 to 100 years."

Norwegian authorities say fish-testing near Norway's waters has shown radioactive contamination that barely registers and may be attributed to contamination from such sources as atmospheric testing and the Chernobyl disaster.

Some of the worst dumping occurred in the 1960s and 1970s, but radioactive wastes were dumped throughout the 1980s. The Soviet Navy's dumping continued until last year, said Andrei Zolotov, a radiation safety engineer at Murmansk Shipping Co., the state enterprise that operates the nuclear-powered icebreakers.

He first researched and compiled the dumping allegations while a member of the parliament.

Other officials suspect that some dumping may still be going on, although in 1976 the Soviet Union signed an international protocol outlawing dumping in shallow seas.

One account of the dumping given to international environmental organizations by Mr. Zolotov indicates that at least 12 nuclear reactors

were disposed of in shallow gulfs off Novaya Zemlya, the large Arctic islands that the Soviet Union has used as a nuclear test range since the early 1950s.

A complete submarine that suffered a major reactor accident is believed to be sunk near the islands, along with still radioactive sections of other submarines.

Mr. Zolotov said in an interview that three of the reactors from the first nuclear-powered icebreaker, Lenin, were encased in an epoxy-like substance and then blasted through the hull of the ship to the bottom of a shallow gulf off Novaya Zemlya in 1967.

About half of the dumped reactors went to the bottom with their highly radioactive nuclear fuel still inside, according to the information collected by Mr. Zolotov.

Thousands of containers of solid radioactive wastes from the navy's northern fleet and icebreakers also were dumped. In cases where they would not sink, seamen were said to have cut holes in the "sealed" containers so that they would.

Russian officials do not dispute the dumping accounts. Some officials said in interviews that they believed environmental investigations now

being planned would bear out the allegations, which are based on ships' logs and witnesses.

"No one knew the scale of the operations carried out over 25 years," Mr. Zolotov said. "No one tried to survey all of the materials and study the consequences."

The Norwegian defense minister, Johan Jorgen Holst, referred to the more immediate threat to the region's economy.

"If the rumor gets around that Norwegian and Russian fish are contaminated with radioactivity," he said, "we aren't going to sell many fish."

The dumping allegations have broken the traditional military grip on the area. In a meeting with Norwegian officials in Moscow two weeks ago, Russian officials agreed to assemble the first inventory of radioactive-waste sites in Arctic waters and present it to Norwegian officials in May.

From July 10 to Aug. 6, scientists from Russia, Norway and four other countries will undertake the expedition to locate and map dozens of underwater dumping sites. They will also take samples of the seabed and marine life to test for radioactive contamination.

TOUR: North Korea Opens Up, but Not Much, for a Group of Foreigners

(Continued from page 1)

free-trade port at the mouth of the Tumen. They included a dozen elderly Japanese who had grown up in North Korea before World War II, when it was a Japanese colony, and who jumped at the chance to return. To fill seats on the train, publicity-shy North Korea even allowed 38 journalists, mainly from the United States and Japan, to see what no outsider has seen since the end of the Korean War.

Because of the armed soldier here and a legion of tour guides who vigorously shut off access to ordinary people, the travelers saw this unknown country mainly as scenery.

What they saw was ruggedly beautiful countryside, splendid vistas of the sea from forested headlands, and rural people whose daily life looks dreary and difficult. There were no signs

of people starving or living in the streets, but the standard of living seemed poor.

Pyeongyang, the capital, has been built as a showcase for foreign visitors, with enormous and elaborate public buildings, parks and pavilions honoring the "Great Leader." People in the capital appear healthy and adequately dressed.

Outside the capital, there aren't many show-cases. The cities are drab collections of gray concrete buildings with broken windows and falling roofs. Rural villages consist mainly of closely packed ramshackle huts surrounded by fields where people were plowing behind oxen. There are few paved roads and almost no vehicles except the occasional army truck.

In the country, nearly every home is surrounded by rows of tall sticks, where people grow the bean vines that make up for an insuffi-

cient rice crop. Piles of dung have been gathered in the rice fields. United Nations officials here said North Korea can no longer afford to buy chemical fertilizer.

There are countless coal mines, and even the smallest is guarded by soldiers — to prevent people from looting the coal for heat, as the deputy prime minister conceded. Many hill-sides have been clear-cut of trees, evidently for heating fuel. Every village the train passed had electricity, but few homes had even a single light on after dark. Even in the cities, there were almost no shops and little visible economic activity.

In most of the country, the only spots of color are the huge multicolored posters with scenes of Kim Il Sung and slogans like "What the Great Leader Decides, We Will Do!"

STRIKE: Bonn's Sweeter Offer

(Continued from page 1)

cellor Helmut Kohl repeated his resolve to do so as recently as last week.

Miss Wulf-Mathies voiced some understanding on Monday for the idea of limiting wage gains for high-income public servants, making it seem likely that Wednesday's talks may quickly focus on this approach.

The strike at Frankfurt airport was widely expected to give unions the most leverage in calling attention to their demands. Only London has a busier airport in Europe and Frankfurt is a frequent hub for travelers flying between North America and destinations throughout the Eastern hemisphere. Nearly

STRANDED: Strike Clouds German Vacation Plans

(Continued from page 1)

resigned as foreign minister after 18 years in office, said that his decision was "a signal to all political powers — government or opposition — to devote themselves more clearly to the challenges of inner unification."

Mr. Genscher said the fate of the government now rests on its ability to bring Germans of East and West together.

The German press, never a fan of Mr. Kohl, has exploded in its most virulent criticism of the chancellor to date. "How Much Longer?" asked the headline in Der Spiegel.

"This coalition is rotten to the core," said Munich's Süddeutsche Zeitung.

Economic problems — soaring public debt, rising inflation and interest rates, a trade balance headed in the wrong direction — have collided with social and political strife stemming from the unexpectedly trying reunification to spoil the shine on Mr. Kohl's successes of 1989 and 1990.

In addition, a variety of legal deadlines require the government to solve several vexing issues by the end of this year, including legaliza-

tion of abortion, reform of the country's political asylum law, and approval of the treaty on Europe.

The chancellor left Bonn on Monday for New York, where he is to speak to the American Newspaper Publishers Association and hold talks at the United Nations. His trip immediately drew fire from union officials and others who said he should stay home during the crisis.

Although Mr. Kohl and most political observers in Bonn still dismiss the idea of a collapse of his coalition, some members of the opposition Social Democratic party are now talking openly about a grand coalition between the two major parties.

WORLD BRIEFS

50,000 Rally Against Thai Leader

BANGKOK (Reuters) — About 50,000 people demonstrated Monday evening against the appointment of General Suchinda Krapongwong as Thailand's prime minister.

Earlier, the leader of the opposition Palang Dharma Party, Chamlong Srimuang, said he would stage a hunger strike in front of the National Assembly until General Suchinda resigned.

The general, who overthrew the last elected prime minister in a 1990 coup, took over the post on April 7. A rally on April 20 drew more than 50,000 people and the opposition has vowed to hold another mass protest on Wednesday, when the government is to make a policy statement.

Rangoon Frees 10 More Prisoners

BANGKOK (Reuters) — Burma's military junta said Monday it had released 10 more political prisoners, including a popular author, Min Thaikha, and four members of the main opposition party, the National League for Democracy, official radio said in a report monitored here.

The releases brought to 58 the number of dissidents reported freed since the junta changed leaders on April 23 and pledged to release political prisoners not deemed a threat to national security. Diplomats and rights groups estimate the junta has detained thousands of opponents since it came to power in 1988.

Rights Group Assails Jail in Lebanon

JERUSALEM (WP) — Prisoners held by the Israeli-backed South Lebanese Army militia in Khiam Prison in southern Lebanon have been tortured and ill-treated, according to a report issued Monday by the London-based human-rights group Amnesty International. It asserts that the 200 prisoners are cut off from the outside world and apparently are not subject to any legal process.

In a study based largely on interviews with former detainees, Amnesty charged that the mostly Lebanese inmates in the camp, which lies inside the strip of Lebanon that Israel controls as a security zone, "may have been involved in violence against Israel" and its Lebanese militia.

For several years, Israel has been trying to exchange the Khiam inmates, who include fighters of the Hezbollah, or Party of God, an Israeli servicemen missing in Lebanon. Israel has consistently denied responsibility for Khiam.

Israel TV Forced to Reschedule Show

JERUSALEM (Reuters) — State-owned Israel television bowed to government pressure on Monday and rescheduled an investigative program ahead of next month's elections.

The program angered Prime Minister Yitzhak Shamir's Likud party by highlighting what it called corruption in the Housing Ministry, by Ariel Sharon and the cold-blooded killing of Palestinians by undercover army units. Mr. Sharon and the army have denied the charges made in the program.

Some ministers maintained the program was designed to improve Likud's chances of fending off a strong Labor Party challenge in the May 23 general election. The program is to be rescheduled from Friday to Thursday or Saturday, which will cut its normal audience of 1.7 million by half. Many Israelis watch television on the Friday sabbath when most other entertainment is closed.

TRAVEL UPDATE

Unions to Close Frankfurt Airport

Compiled by Our Staff From Dispatches

COLOGNE — German unions on Tuesday plan to shut down Frankfurt International, the world's busiest airport after Narita near Tokyo and Heathrow in London.

U.S. airlines that use Frankfurt as a European hub plan to divert flights to Amsterdam or Brussels, a Delta Air Lines spokesman said.

A British Airways manager said the closing of Frankfurt would probably disrupt air traffic throughout Europe. The union has not said how long the airport closings will continue.

Scandinavian Airlines System said Monday that it had canceled six return flights to German cities because of the widening strike. Three flights from Copenhagen, two to Hannover and one to Berlin, were scrapped, together with three flights to Düsseldorf, two from Stockholm and one from Oslo.

British Airways canceled its domestic German service on Monday. BA spokesman said the Berlin-based domestic network had been hit by the closure of Berlin's Tegel and Tempelhof airports. BA could not get additional slots for the domestic service at Berlin-Schoenefeld, and roughly 10 round trips had to be canceled. (WP, Reuters)

Iraq is Officially Encouraging Tourists to Return in Spite of United Nations Sanctions and International Outcry

Iraq is officially encouraging tourists to return in spite of United Nations sanctions and international outcry. Officials said that hundreds of thousands of tourists visited Iraq annually before the Gulf War, most of them pilgrims to holy sites, archaeology and history buffs and adventurous sightseers.

A general strike in Tangier disrupted business Monday in banks and hotels and among public services. The 24-hour stoppage was called to protest what the union described as police brutality in breaking up a demonstration by workers.

Some French tour bus operators have threatened to boycott Euro Disney, complaining that officials at the amusement park near Paris were favoring competitors offering cut-rate prices.

Singapore Airlines will begin a twice-weekly flight to Hanoi on Wednesday, extending its present services to Vietnam. It already operates four flights a week to Ho Chi Minh City. (Reuters)

The Weather

Forecast for Wednesday through Friday

North America		Europe		Asia	
Today	Tomorrow	Today	Tomorrow	Today	Tomorrow
High: 23-29 Low: 11-22	High: 24-27 Low: 12-23	High: 18-22 Low: 8-14	High: 19-23 Low: 9-15	High: 22-28 Low: 10-16	High: 23-29 Low: 11-17
Partly cloudy	Partly cloudy	Partly cloudy	Partly cloudy	Partly cloudy	Partly cloudy

... [Detailed weather forecast table continues with more regions and cities] ...

BRIEFS

st Thai Leader
100 people demonstrated Monday in front of the National Assembly...

More Prisoners
Military units said Monday they had captured a popular anti-Mongolian opposition party...

is Jail in Lebanon
held by the Israeli-backed South Lebanon Army have been taken to a detention center...

Reschedule Show
Broadcast television showed a rescheduled on an investigative program...

UPDATE
ankfurt Airport
A European plan to divert flight Air Lanka was not carried out...

artists to return in spite of United Nations... note that Iraq... and history built...

Superbly situated at 10 Pushkin Street... this 1877 structure...

Asia
Africa
Latin America
North America

Black Professors: No Longer an Endangered Breed?

By Mary Jordan
Washington Post Service
WASHINGTON — For the first time in 15 years the number of black Americans earning Ph.D.s rose significantly last year...

city, a predominantly black school. "The fact that these numbers are turning around is of major significance. I'm pleased and hopeful for the first time in many, many years."

because it prepares the professionals of the faculty." The presence of minority faculty members, she said, "confirms for minority students that there is real opportunity."

from the year before. Asian-Americans received 762 doctorates last year, up 24 percent. The number of Hispanics earning Ph.D.s rose less than 2 percent, to 710.



NOTHING NEW UNDER THE SUN — Former Presidents Ronald Reagan and Mikhail S. Gorbachev chucking during a quiet moment at Mr. Reagan's ranch north of Santa Barbara, California. Mr. Gorbachev and his wife are on a two-week U.S. tour.

Lee Salk, Psychologist, Dies at 65

By Catherine S. Manegold
New York Times Service
NEW YORK — Lee Salk, 65, a child psychologist who was the author of eight books, died of cancer Saturday in New York City.

His wide-ranging reflections upon changing American values and fundamental human needs included everything from pop culture (the psychological significance of the cowboy archetype) to contemporary society (the trauma of divorce), to biology (the role and importance of a baby's cry).

Mr. Salk's work first won attention in 1960 with the results of ground-breaking research indicating that the sound of a mother's heartbeat has a calming effect on a newborn infant.

Israel-Nigeria Ties Restored
Agence France-Press
ABUJA, Nigeria — Israel officially restored diplomatic relations Monday with Nigeria after a break of almost two decades.

When Pushkin Comes to, er, Shovekin

In Russia's Artistic Heart, Culture and Commerce Collide Over Property

By Steven Erlanger
New York Times Service
ST. PETERSBURG, Russia — This haunted city has always fancied itself the trembling, Italianate heart of Russian culture life, where Dostoyevsky, Pushkin, Gogol, Mandelstam, Akhmatova and other giants their indelible way.

foundation called "Free Culture," Mr. Rybakov, a city councillor, helped obtain city approval for an ambitious plan to renovate the building and devote a third of it to a cultural center.

But a rival group, "The Cultural/Commercial Center — Pushkinskaya 10," is challenging them for the building, arguing its case both in city offices and the courts.

alone," he said. "So naturally we agreed." It is a measure of the changes here that Mr. Rybakov is an effective politician, chairman of the city's Human Rights Commission.

Superbly situated at 10 Pushkin Street, just off the grandeur of Nevsky Prospekt, this 1877 structure...

Barbara Hazard, an American artist close to Free Culture, said the battle "all seems very Russian — an exaggeration of feeling, people

Barbara Hazard, an American artist close to Free Culture, said the battle "all seems very Russian — an exaggeration of feeling, people



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No to Nuclear Ukraine

Ukraine, which once promised to get rid of all its nuclear weapons, has begun to balk. Unless the Bush administration exerts pressure promptly, it could become the third biggest nuclear power in the world. When President Leonid Kravchuk visits Washington this week, he needs to be told that toying with nuclear arms is no way to protect Ukraine's hard-earned independence, boost its prestige or win America's favor.

Washington is prepared to work directly with Kiev on dismantling, thereby acknowledging that Ukraine is a sovereign state, not an appendage of Russia. But Washington may have to withhold political and economic support to keep nuclear arms in Ukraine from endangering regional security.

Ukraine has resumed shipment of short-range nuclear arms to Russia for dismantling. It is backtracking, however, on pledges to sign the Nuclear Nonproliferation Treaty and transfer all 5,000 of its nuclear warheads — not just the 130 long-range missiles covered by last year's U.S.-Soviet strategic arms reduction treaty. Comments from Kiev suggest three reasons. Nuclear arms lead prestige, serve as bargaining chips to win more aid from the United States and deter Russia. But holding onto the arms would turn Ukraine into an international outcast. If it wants to improve its prestige, there is no more admirable way than to get rid of them.

If Mr. Kravchuk is just shopping for more economic aid in exchange for arms, America needs to say no. Such a swap would invite outlaws states to bid even more. And it would encourage Kazakhstan, Belarus and Russia, the other nuclear-armed republics, to whip-saw Washington on aid. Washington has already opened the way for Ukraine to get its share of the \$400 million that Congress set aside for dismantling nuclear arms and retraining scientists in the former Soviet republics. It is already providing humanitarian help. And it stands ready to provide more aid once Ukraine disposes of its nuclear arms.

Nuclear arms will not make Ukraine more secure; they will turn all its neighbors against it. Nor can the United States guarantee Ukraine's security. But Russia and Ukraine have to know that they would face international isolation if either attacked the other. If Ukraine feels uneasy about handing over its arms to Russia, the United States could propose inspections to assure that arms are dismantled. And it could allow Russian inspections of U.S. disarming in return.

The main threat to Ukraine is not war with Russia but separatism among Ukraine's indigenous Russians. Ukraine can be headed off that danger by transforming its economy, not by nuclear posturing. Washington needs to say so.

—THE NEW YORK TIMES

Kashmir and the Bomb

India is way out of line in its repression of autonomy and independence agitators in Kashmir. It has allowed its fear of a precedent of nationalist splitting and its anger at organized Pakistani support for the insurgency to overwhelm its sense of democratic practice. This is how it comes to substitute a harsh military approach for the requisite new thinking about a political solution in a nuclear — Kashmir — that has brought nuclear or near-nuclear (whichever it is) India and Pakistan to three wars and could yet draw them into a vastly more deadly fourth.

What kind of solution? India's view is that it and Pakistan should work it out. This position rests on the Simla Agreement, which a victorious India imposed after its 1971 war with Pakistan. Opposed to this position, Pakistan takes recourse in the United Nations' 1948 call for a plebiscite (on accession to Pakistan or India) in the Muslim-dominated part of Kashmir that is here at issue. Given the current global sensitivity to ethnic-based national movements, plebiscites have an undoubted appeal. But India rejects a plebiscite in this instance.

The stalemate on Kashmir in a narrow context has led some to try to deal with the dangerous Indian-Pakistani tensions in a larger context. The United States is now trying to get the two countries, plus Russia and China, to talk about nuclear restraint. Pakistan, eager to propitiate Washington and to break the arms-sale ban that Washington imposed for Pakistan's nuclear cheating, accepts the conference idea. India, lonely after the loss of its Soviet patron, is coming to it. At this point the agenda is vague, but it would be a breakthrough, and an achievement for American diplomacy, just to get the parties to sit down.

But even if the nuclear issue were submitted to international message, there would still be an urgent requirement to treat Kashmir. Outsiders are much better placed to contribute to a new nuclear equation than to a Kashmir settlement. The separate formulas now favored by India and Pakistan were designed more for international political jousting than for productive negotiation. Surely — perhaps in an atmosphere warmed by the onset of nuclear talks — the two countries could find something better. Meanwhile, they should be expected to lower the temperature in Kashmir, India by halting the repressions and Pakistan by stopping its stocking of the fire.

—THE WASHINGTON POST

The Horn of Misery

The relief agencies are having to resort to a desperate expedient in Somalia. There, in the Horn of Africa the International Committee of the Red Cross and United Nations' agency, are paying off gunmen — rival gunmen — in kind in order to secure their permission for the groups to bring in food for starving people. Perhaps there is always some sort of implicit potential of extortion in war-zone relief operations, but it is particularly open and shocking in Somalia. The best that can be said is that it is a tactic improvised in the absence of any local authority or outside intervention force capable of seeing to the fair and expeditious delivery of vital supplies.

Representative Tony Hall, chairman of the House Select Committee on Hunger, observes that the Horn has become uniquely associated with the use of food as a weapon. It is a sad distinction. Mr. Hall contributed to a recent effort to induce Sudan, Ethiopia, Kenya and Djibouti to ensure the provision of relief in conflict situations. This was billed as a first international "arms control" agreement centering on the "weapon" of food. No sooner had these African states taken a pledge not to use food as an instrument of war, however, than a new Sudanese government offensive forced the United Nations to suspend its feeding of a million or more people in southern Sudan.

In the past 10 or 15 years the relief agencies and contributing governments have been called on for almost continuous surges of service in the war- and drought-induced famines of the Horn and of other points in sub-Saharan and southern Africa. It has been an uphill battle to keep the international public engaged in this essential but seemingly endless work. The combatants' use of starvation as a tactic in civil conflict — against their own citizens — has been especially dismaying and has prompted efforts to establish a "right in food."

Naturally this initiative comes more easily to donors and others who do not have much of an interest in the political outcome of a given dispute than to the participants. It is the mark of civilization, however, to put limits on the most terrifying weapons of war and especially on those that bear heavily on noncombatants. The deliberate starving and killing of masses of civilians have no justification whatever. Governments or insurgent factions that do this kind of thing deserve contempt.

—THE WASHINGTON POST

Meanwhile in Natal

As the Rodney King affair exploded in Los Angeles, a finer brand of racial justice was being dispensed in South Africa. A white police commander was sentenced to hang for causing the massacre in 1988 of 11 blacks, including two children and six women, in Natal Province.

South Africa's death penalty remains morally and practically indefensible, even though commutation of this capital sentence is possible. But the conviction of brutal security forces was remarkable. This was the first time a senior South African policeman was tried and severely punished for orchestrating the violence that has led the country since 1984.

Initially, police tried to conceal their complicity in the Trust Feed Massacre, named after the locality where police opened fire on presumed anti-apartheid activists. But Judge Andrew Wilson courageously rejected the cover-up, and credited a single dissenting officer with bringing the truth to light. As a result, Captain Brian Mitchell was found guilty of murder, and four black policemen were sentenced in 15 years for carrying out lawless orders.

The massacre gives new credence to charges by Nelson Mandela that a "third force" among security police has fomented clashes between black political factions. But the outcome speaks well for judicial courage and the determination of human rights lawyers. While the truth about innumerable police offenses has yet to be told, what happened in Judge Wilson's court is a heartening beginning.

—THE NEW YORK TIMES

Other Comment

America Should Do as It Says

Had the Rodney King video been taped in Lagos rather than in Los Angeles, the United States would almost certainly have cut off aid to Nigeria. America has begun to assume the role of world policeman. Until such time as some international agency is able to fulfill this task, it is important that America is seen to adhere at home to the principles of freedom and justice that the United States so champions internationally.

—Bangkok Post

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International Herald Tribune, 181 Avenue Charles-de-Gaulle, 92521 Neuilly-sur-Seine, France. Tel.: (1) 46 37 93 00. Telex: Advertising, 612832; Editorial, 612718; Production, 630698.

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S.A. au capital de 1.200.000 F. RCS Nanterre B 732021126. Commission Paritaire No. 61437
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OPINION



The Strange Story of Bush's Dealing With Saddam

By Leslie H. Gelb

NEW YORK — This is the story of George Bush's dealing with Saddam Hussein — until Iraq invaded Kuwait. It is a tale of deception and self-deception, of realism gone awry and/or of gross carelessness.

In 1984, Ronald Reagan signed a still top secret directive that officials interpreted as follows: "Do anything and everything" to help Iraq in the war against Iran. Saddam had started the war, but Iran was winning and threatening to dominate the Gulf, and had to be stopped.

The Reagan strategy was realistic and justifiable — combat first threats first. Now known: The United States gave Saddam vital battlefield intelligence and encouraged third-country arms sales and aid. Not well known: Saddam sucked the United States in further by tipping off CIA operatives about anti-Western terrorists.

While Saddam was double-crossing his fellow terrorists, President Reagan was double-dealing with the Iraqi. He gave arms to Iran in return for American hostages. Vice President George Bush pushed reluctant U.S. agencies to get with the policy to aid Iraq.

Iran and Iraq stopped fighting in August 1988. Iran was in shambles, and the old strategic rationale faded with the war. However, George Bush became president and aid to Iraq continued much as before.

The Bush team knew that Saddam sponsored terrorism and had megalomaniacal ambitions, but they believed they had to work with him because Iraq had become the dominant power in the region. And they thought they could tame him with aid and diplomatic stroking — because he was a "realist" with whom fellow realists could do business. But then...

In August 1989, the Feds raided an Atlanta branch of an Italian bank. They found overwhelming evidence that top Iraqi officials close to Saddam had been engaged in a \$4 billion fraud.

By October, the U.S. Customs Service showed that this money probably had been used to buy missile and chemical weapons-related technology. Prosecutors envisioned quick indictments. Justice Department officials in Washington intervened, slowing things down and did not bring indictments until 1991, after Desert Storm.

A State Department memo of Oct. 13, 1989, noted Agriculture Depart-

ment fears that the U.S. food aid program to Iraq had been thoroughly corrupted by Iraqi officials; the memo also mentioned signs that Iraq used these funds "to procure nuclear-related equipment." The CIA had firm reports of continuing Iraqi genocide against the Kurds, including attacks with chemical weapons. In the face of all this, President Bush issued the still secret National Security Directive 26 of October mandating that the United States "improve and expand our relationship with Iraq."

State used this directive to beat down widespread opposition within the administration to giving Iraq \$1.1 billion in new credits to buy food. State's rationale was that Saddam was the key to U.S. policy in the region, and that he was a major and irreplaceable food customer.

In November, Congress cited the Kurdish situation and barred new Export-Import Bank loan guarantees to Iraq without a presidential waiver. Mr. Bush signed the waiver.

U.S. intelligence information continued to flow to Iraq until March 1990. (Surely the CIA noticed Iraqi

Germany's Hermes Skips Out of the Reckoning

By Jim Hoagland

WASHINGTON — The first diplomat was Hermes, chosen by Zeus for delicate missions to other gods. The ultimate diplomat came several millennia later in the rumpel, role-poly form of Hans-Dietrich Genscher, who retires this month after 18 hectic years as Germany's foreign minister.

His unexpected retirement will change at least the style of German diplomacy. More urgently, his resignation throws domestic politics into turmoil at an especially difficult moment for Chancellor Helmut Kohl's coalition government. Mr. Genscher's retreat into private life, age 65 in fact leaves Mr. Kohl dangling in the lurch.

Unavoidable, accidental bad timing? Or subtle revenge by Mr. Genscher against a political rival he disdained and at times defied? The timing of his act poses the kind of ambiguity that he savors and uses, to great effect. His departure signals that he does not expect things to get better for Chancellor Kohl's suddenly beleaguered government as it struggles with the soaring costs of unification, labor upheaval and the political fatigue that a decade in power brings.

The only foreign minister many Germans can remember leaves with his own high popularity ratings intact, before the deluge he presumably expected to descend on Mr. Kohl. But he also leaves his center Free Democratic Party rival by conflict over spoils of office and his own identity.

The turmoil is important for Germany and for Europe. The Free Democrats, who took 10 percent of the vote in the 1991 election, pride themselves on providing an essential balance wheel

reading of his legacy from observers who did not quarrel with him while he was riding high? Take this judgment from a commentator in the Financial Times of last Tuesday: "Under his leadership, the Foreign Ministry has been transformed into a machine for the greater glorification of its minister, leaving many outstanding professional diplomats bitter and unregarded" and current policy adrift. A similar judgment in this column four years ago drove Mr. Genscher to near apoplexy and inspired an enduring grudge. His failure to develop a thick skin was one of the ways in which he differed from the mythical Hermes.

Hermes "symbolized for the ancients the qualities of charm, trickery and cunning," the British diplomatist Harold Nicolson wrote in his book "Diplomacy." "On the very day of his birth he stole 50 head of cattle from his brother Apollo and then having hidden the cows in a cave returned to sleep peacefully in his cradle." Such resourcefulness won the favor of Zeus, who used Hermes as intermediary between the upper and lower worlds.

Hermes developed the gift of flattery and deception. "Although he was widely popular, he was not deeply respected. Later diplomats have often regretted that someone less brilliant but more reliable was not chosen as their tutelary deity."

That cautionary tale partially captures the legacy of 18 years of Genscherism. Harold Nicolson's point was one that the current American descendant of Hermes, Jim Baker, might well want to consider, especially when he enters the crucial phase of Middle East peace negotiations.

The Washington Post

The Impregnable U.S. Military Might as Well Serve

By William Pfaff

PARIS — Washington has just backed off again from cuts in the defense budget, which has become a system of industrial and employment welfare payments. National defense now seems an afterthought.

The impregnability of the military budget to any serious reduction is also a cause of Washington's present tendency to make military power the primary measure of national influence and leadership. Those who say the United States should become the armed keeper of a "new world order" are tacitly acknowledging the country's loss of the political leadership that in the past came from American economic and industrial strength.

The Bush administration had proposed a \$281 billion military budget for the fiscal year that begins in October. This was \$10 billion less than in the current year. Congress demanded much more of a "peace dividend," but in the four months since the administration proposal was made it has backed down, unwilling to face the political consequences — in an election year — of more severe spending cuts, meaning job losses in thousands of communities.

Military spending is a highly inefficient form of Keynesian state stimulation of the economy. Military goods have a comparatively small multiplier effect on the economy, unlike an equivalent federal expenditure on civilian research, plant, manufacturing, civil aircraft, high-speed trains, computer research and manufacture all generate additional wealth. Military goods do so only marginally, if at all. Mighty aircraft carriers plow the seas, and fleets of Stealth fighter-bombers cross the skies in peacetime exercises, to no economically produc-

ive purpose. America needs such forces — some of them — but it certainly does not need them in the quantities in which it has them today.

This has, however, become the national way of life. America devotes very high levels of public investment and subsidy to a sector of the economy which generates low civilian benefits, while it refuses, for ideological reasons, in concern itself with the financing or direction of civilian industry.

A foreign observer might think this odd, aware of how Japan and Europe order their industrial economies. Such is the American way. Many other forms of life are also profligate. Consider the lies in the field.

An upheaval of opinion in Washington and the academy could change this. Industrial policy is all the rage among the Democrats this year. Yet Democrats were prominent among the congressmen and senators who in recent days found themselves unable to support further cuts in military spending, and the obstacles that blocked them will not disappear. Too many jobs in too many places depend on military spending.

For the foreseeable future the military establishment will be America's principal instrument of world influence, given that U.S. industrial leadership has faltered and the economy experiences a heavily indebted stalemate. The policy choices available in these circumstances are limited.

The easy thing to do is to pretend that military power is what counts, use it conspicuously to claim international leadership, and try to associate others with the political rationales and financing of one's actions. This is what

Russians Come Down To Earth

By Stephen S. Rosenfeld

WASHINGTON — The heralded period of the Russian revolution is over. Sweeping statements, grand gestures and stunning breakthroughs have yielded to endless grinding and often prosaic necessities. "Just a minute," said Deputy Prime Minister Yegor Gaidar last week, fending off a his squad of Washington journalists. He needed a minute to take a bite of lunch.

Mr. Gaidar is Boris Yeltsin's chief per, talky 36-year-old economic ward. He was in town for Russia's accession to the International Monetary Fund and the World Bank. The man, the occasion and this set of institutions mark the new period of the revolution.

With the old system symbolically destroyed (although many of its ways endure), its purpose lies in nothing more than the painful brick-by-brick construction of a working modern society. It is an audacious task surpassing the scope of its ambition anything that has been tried anywhere.

Mr. Gaidar is almost conspicuously upbeat about it. If anyone had said months ago that by now the Russian government would have liberalized prices, cut subsidies, trimmed the military by 60 percent, raised taxes and survived, would you have believed it? he asks. A fair challenge.

No American expert has been more persistently skeptical of Russian reform plans than Marshall Goldman. Now he says: "To the extent that Yeltsin acts on his promises and allows prices to reach their market equilibrium level, the need to hold down prices with government subsidies should also end. That in turn will allow for a cut in budget expenditures and a drop in the budget deficit, which, in turn, will stop the hemorrhaging of money..." For the first time there is a growing understanding of what has to be done and, as painful as that medicine may be, if Yeltsin holds to his threats he may actually take the first steps to what some day, even if far off in the future, could be an economic recovery.

Judgments of this sort are what have enabled the Russians already to pull off the prodigious feat of selling the international providers of capital (banks and Group of Seven governments) and Russia to each other. This is what it means in the first instance to join the world economy.

Yeltsin, Gaidar and company had to persuade the international leaders that Russia was capable of sufficient discipline and austerity to ensure that their money would not go down a Russian rathole. Having now joined hands, the creditors are starting to take that leap — a vote of confidence of the most concrete and valuable sort.

At the same time, the democratically elected Yeltsin leadership had to persuade the borrowers, whose numbers include the conservative opposition and the people as a whole, that the IMF was not setting unreasonable and humiliating terms. The Gaidar formula — It's not free money, for it's money that sells out Mother Russia; it's money that the West provides to support Russian policy — gives a flavor of the politics of Russian pride.

These tasks of persuasion are not one-shot affairs. The lenders and borrowers will have to be reassured, in their respective ways, time and time again. This reassurance will be mutual confidence in the matter of money is a new element. It is bound to move to the center of relations between Russia (and the other republics) and the West. Strategic and political issues of the old East-West variety become ever less salient. The new connection is taking on a "North-South" cast, losing as it does on issues of the economy, regional stability, nonproliferation, the environment and the like.

Actually, it is not quite precise to describe the new connection as the work of one side persuading the other. The democratic process of one will be meshing with the democratic process of the other. The Western side will not simply be celebrating the achievement of democracy in the old East. It will necessarily be interacting intimately with elements of the new Russian system and learning to live with its peculiarities and frustrations. The test will come when the West is asked to make economic allowances for political lapses, as when, for instance, Russia, in pain, shovels out more subsidies and requests more loans.

In short, Russia is joining not just the world economic system but the world political system. It is a system of democratic states with a particular interest, although they may tend to forget it in passages of impatience and crisis, in each other's political as well as economic well-being.

The Washington Post

IN OUR PAGES: 100, 75 AND 50 YEARS AGO

1892: Duel Near Ostend
LONDON — According to the London correspondent of the *Yorkshire Post*, there is much excitement in clubland over a report, believed to be well founded, that Mr. Vance Milbank's opponent in the recent duel near Ostend was not a Frenchman at all, but a member of the English aristocracy — no other than one of the best known English Dukes. It is added that his identity was concealed by arrangement before the duel. The reason Mr. Milbank has not returned to Paris or London from Brussels since his duel near Ostend is that he is under arrest in Belgium for duelling, and out on parole.

1942: Japanese Thrust
CHUNGKING — [From our New York edition:] Three strong Japanese columns had pushed the Allied armies back to within 150 miles of Chungking tonight [May 4], in swift offensives that threatened to develop into invasions of both those vast countries and to overrun the still unconquered portion of Burma. Generalissimo Chiang Kai-shek broadcast to his people tonight: "We must prepare for a prolongation of the war and for greater difficulties in the future." China's national mobilization act comes into effect tomorrow.

1917: Banks Link Up
LONDON — Negotiations for establishing relations between the Bank of England and the Federal Reserve Bank of New York have been concluded. The arrangement provides that the Bank of England will act as

OPINION

Trying to Get Government to Answer

By Tad Ames

PITTSFIELD, Massachusetts — One day, earlier in this century, my great-grandfather answered the phone in his office. "Mr. Ames," the man on the line announced, "this is the U.S. government calling."

The nation's central passport number, which connected me to a tape machine with an endless menu of touchtone options but no fallback for those who might wish to speak to a human.

MEANWHILE

woman there tried to give me the tape machine number again. "What do I have to do, call Margaret Tutwiler?" I shouted into the phone. "I can only give you what I have."

most smug. Four hours later she had my question cleared up. I was delighted. One call to my congressman and the system had snapped to attention. It was representative government in action!

LETTERS TO THE EDITOR

From Blight to Blaze

George Bush promised the American people "a thousand points of light," but he gave us a thousand points of blight. Now there are thousands of points of light.

Bush and only a quarter like Bill Clinton. So if Ross Perot really runs and spends the kind of money he is talking about — well, think about it.

The Ross Perot Thing

If the polls are correct, only about a third of American voters favor George Bush and only a quarter like Bill Clinton. So if Ross Perot really runs and spends the kind of money he is talking about — well, think about it.

David Broder says he is "wary of people who, having achieved success and retooled in one field, jump to the conclusion that they would be terrific at something else." Does he forget, or overlook, the fact that America's entire

Americans Don't Need to Apologize for a Jury

By William Safire

WASHINGTON — "Scandalous," judges Franco Mattarand, from a system that does not give the accused the presumption of innocence.

courage and sense of responsibility to say that. The bulwark of civil liberty is the jury system, but the American Civil Liberties Union abandons principle by failing to defend the rights of jurors to be free of the threat of post-trial inquisition or punishment by publicity.

Seeing the Videotape, Learning a Different Lesson

By Anna Quindlen

NEW YORK — They say that one of the defense attorneys went to the videotape and, by freezing the frames so that after a while it was no more than a random collection of points of light, highlighting the movements of the suspect instead of the batons of the police.

before the videotape started rolling. Here's what came before: Ronald Reagan, Willie Horton, rotten schools, no jobs, falling plaster, broken boilers, David Duke. Years and years of rage and racism, measured now in angry words and broken glass.

RODNEY-KING was not an innocent bystander who had been hunted down by manning police officers. He was a crime suspect trying to elude police at speeds exceeding 100 miles (160 kilometers) per hour.

Let's be honest, white folks: They walked into that room with the baggage most of us carry, the baggage of stereotypes and ignorance and pure estrangement from African-Americans. They walked in from a world that thinks cops are the DMZ between us and them.

At the same time, the democratic process of one side persuading the other. The democratic process of one side persuading the other. The democratic process of one side persuading the other.

It was rich with irony, that the fires raged as the last episode of "Cosby" was aired, the sitcom that let white America believe that being black was as easy as being brown-eyed, that their lives were just like ours except their sweaters were better.

15 AND 50 YEARS AGO correspondent and agent in London of the Federal Reserve Bank, that the latter will act in a similar capacity in New York for the Bank of England.

CHUNGKING — [From our New York edition:] Three strong Chinese columns had pushed the Indian army back to within 150 miles of India and twenty-five miles of China.

1942: Japanese Threat

CHUNGKING — [From our New York edition:] Three strong Chinese columns had pushed the Indian army back to within 150 miles of India and twenty-five miles of China.

It was no longer legal. But the Rodney King verdict taught her different. So smart. So sad. Even George Bush was wondering how to explain to his grandchildren.

It was rich with irony, that the fires raged as the last episode of "Cosby" was aired, the sitcom that let white America believe that being black was as easy as being brown-eyed, that their lives were just like ours except their sweaters were better.

Somebody's daughter was on the news from Howard University, and she said that we had lied to her, that her parents and all the rest of us had given the impression that while racism still

It makes you wonder how many others could say, as one of the King jurors did the other night on television, that it didn't seem particularly significant that, just before the beating, one of the cops in the case said he had had a call to a black household that was "right out of 'Gorillas in the Mist.'"

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High Court Widens Prosecution Powers

Compiled by Our Staff From Dispatches
WASHINGTON — The Supreme Court ruled Monday that any government prosecutor who is asking a grand jury to indict a person on criminal charges can deliberately withhold information that might show the suspect to be not guilty.

The panel, in a 5-to-4 split, took from federal courts the authority to throw out indictments on the grounds that prosecutors had withheld "substantial exculpatory evidence" from the grand jury.

Justice Antonin Scalia, writing for the court in an Oklahoma case involving bank fraud allegations, said that requiring a prosecutor to present evidence supporting the innocence of the accused would go against the traditional role of the grand jury hearing.

"The grand jury sits not to determine guilt or innocence but to assess whether there is adequate basis for bringing a criminal charge," he said.

He added that permitting courts to throw out indictments because the evidence is incomplete or misleading "would run counter to the whole history of the grand jury institution, and neither

justice nor the concept of a fair trial requires it."

Justice Scalia was joined by Chief Justice William H. Rehnquist and Justices Anthony M. Kennedy, Byron R. White and David H. Souter.

Dissenting, Justice John Paul Stevens said the ruling permitted prosecutorial misconduct and created an impression of favoritism toward prosecutors and the government.

"We do not protect the integrity and independence of the grand jury by closing our eyes to the countless forms of prosecutorial misconduct that may occur inside the secrecy of the grand jury room," Justice Stevens said.

Prosecutors should be required to tell grand juries of "evidence which directly negates the guilt" of a suspect, he said.

The Bush administration asked the high court to reinstate the indictment in the Oklahoma case, arguing that a prosecutor is not required to give a grand jury evidence that favors a defendant. But Justice Stevens said the court went even further than the administration requested, by barring federal judges from dis-

missing indictments even in cases of clear prosecutorial misconduct.

Justice Stevens was joined by Justices Harry A. Blackmun, Sandra Day O'Connor and Clarence Thomas.

The ruling applies to federal grand juries. The court has previously held that prosecutors in state and federal cases have a responsibility after indictments to disclose evidence that could help exonerate defendants.

In the case Monday, federal investigators said a Tulsa, Oklahoma, businessman, John H. Williams Jr., obtained bank loans in 1984 and 1985 by overstating his assets and income.

Mr. Williams said prosecutors failed to give the grand jury financial statements, tax records and related material tending to exonerate him. He said the withheld material helped explain that his methods of evaluating his worth were legitimate.

The 10th U.S. Circuit Court of Appeals in 1990 upheld a federal ruling that dismissed the indictment. The appeals court said grand juries should be "independent and informed," not merely extensions of the prosecutor. (AP, UPI)



TAXES SPARK JERUSALEM INCIDENT — An Armenian Orthodox priest grabbing an Israeli municipal officer by the collar in Jerusalem on Monday, preventing him from entering the Armenian compound in the Old City. Israeli tax authorities seized goods from the compound residents who had not paid taxes. Officers retreated, vowing that they would return with the police.

Sandinista Link Undermines Chamorro

By Shirley Christian
Washington Post Service
MANAGUA — The broad-based coalition that backed President Violeta Barrios de Chamorro in her stunning electoral defeat of the Sandinista Front two years ago is now threatening to withdraw its support, charging that Mrs. Chamorro is under too much Sandinista influence.

On April 25, the second anniversary of her inauguration, leaders of 10 of the 14 parties that make up the coalition signed a full-page newspaper ad criticizing her for maintaining General Humberto Ortega Saavedra, a Sandinista, as army commander, and for not hav-

ing kept a promise to name a civilian defense minister.

It added that the people who voted for her were still waiting to see guarantees of "law, order and justice, which are so far still being violated with impunity by the mobs and militants of the Sandinista Front."

This was a reference to the waves of strikes and violent protests, as well as takeovers of highways, public buildings and private property, mostly by Sandinistas.

Several political leaders, including the president of the National Assembly, Alfredo César, recently used the term "divorce" to describe

the growing split between them and the government.

Mr. César charged that Mrs. Chamorro, whose term has four more years, and her chief minister, Antonio Lacayo, were "co-governing" with the Sandinistas.

Another leader of the coalition, Luis Sánchez Sandoval, who is also first vice president of the National Assembly, described the government as "semi-Sandinista" and said that left little to celebrate on the anniversary.

In general, coalition leaders, as well as the influential private enterprise organizations, are demanding the removal of General Ortega as

North Korea Releases List of Nuclear Facilities

Agence France-Press
VIENNA — North Korea on Monday handed over a list of its nuclear assets "as thick as a small telephone directory" to the International Atomic Energy Agency, a spokesman said.

The spokesman said it was "too soon to say" if the list was complete, adding that it would take the agency one or two days to study the document and reach a decision.

He said the North Korean gesture followed Pyongyang's decision to allow the agency to inspect its nuclear installations under the Nuclear Nonproliferation Treaty, an agreement it signed in January and ratified on April 9. The first inspections could take place in June.

The North Korean list was handed over to the agency director-general, Hans Blix of Sweden, by a member of the North Korean perma-

nent mission to international organizations here. Mr. Blix is expected to visit Pyongyang late next week.

North Korea authorities had until the end of May to provide a full list of their nuclear facilities, but 10 days ago said they would deliver it before the deadline. At the same time, it revealed the existence of three nuclear reactors previously unknown to the agency.

In L.A., Curfew Ends and Residents Return to Work, School and Traffic Jams

Compiled by Our Staff From Dispatches
LOS ANGELES — "Heads up for the accident on the Harbor Freeway southbound!" the radio announcer chattered. "There's a back up on the eastbound Santa Monica Freeway. It's fluid on the Golden State. L.A. is back to normal!"

In many ways, the second-largest, most car-bound U.S. city was back to normal Monday following the country's worst race riots this century. The traffic congestion meant that people were going back to work. Children returned to school. Stores reopened, or at least the ones that were not burned or wrecked did. And Mayor Tom Bradley kept his promise to lift the dusk-to-dawn curfew.

The mayor acted despite an overnight death, when National Guardsmen shot and killed a motorist who tried to run them down. It was the first shooting by troops on riot patrol. That,

and the deaths of eight people who had been hospitalized with riot injuries, brought the toll to 55, seven more than during the 1917 race riots in East St. Louis, which had been the deadliest of the century.

"We're a little tense today," William Curtis said as he walked his 10-year-old son to school in the south-central district, where the riots began Wednesday after a jury's acquittal of four Los Angeles policemen for severely beating a black man. "It was a wild week. You can't help but be a little nervous."

Downtown, the convention trade appeared to be picking up again. Bellboys at the plush Sheraton Grande, which was nearly emptied last week, greeted new arrivals. Workers inside were setting up for an Atlantic Richfield Co. stockholders meeting.

The riots erupted on Wednesday, raging for three days and nights. Still on patrol Monday

were thousands of Marines and National Guardsmen who were called in when the local and state police were overwhelmed by the scope and intensity of the violence.

After the mighty curfew took effect Sunday, three guardsmen killed a Hispanic man who tried to crash through a barricade with his car west of downtown, the police and the military said. The guardsmen fired 14 times, the military said in a statement.

Otherwise, there was only sporadic violence. Three arrests were made after a police station was fired upon. Gunmen shot at Marines standing guard in Long Beach, but the Marines did not return fire. A police car in south-central Los Angeles was shot at. Marines in Walnut Park, near the south-central district, were fired on from a car, but they did not return the fire, either. Later, two men who tried to run a

roadblock there were arrested. No one was hurt.

Arson and looting losses approached \$1 billion. Courts worked through the weekend to process the 11,400 arrested suspects.

In what has come to be known as the war zone, Boem Lee, a store manager, said: "We're going to start rebuilding. The people who looted—they were just a few crazy people. The people who live around here, they cried, the same as we do."

A sign over a dentist's office in Koreatown read, "They burned my place, but not my spirit."

If the city is to rebuild, such determination will play a part. So far it is evident in small ways, with community cleanup efforts, or in what city leaders hope will be larger ways, such as the appointment of Peter V. Ueberroth, the

organizer of the 1984 Los Angeles Olympics, as head of the recovery effort.

The selection by Mayor Bradley of Mr. Ueberroth was not being unanimously acclaimed. Black, Asian and Hispanic politicians and business leaders acknowledged that Mr. Ueberroth brought considerable financial acumen to the post. But some in the city's minority community, especially small-business owners and residents of damaged areas, expressed skepticism about whether Mr. Ueberroth had sufficient understanding of the devastated neighborhoods.

Among those expressing puzzlement was Mr. Ueberroth's appointment was a Los Angeles County supervisor, Gloria Molina.

"I don't understand what the relationship is between Peter Ueberroth and rebuilding a city," she said. "It involves community relations and ethnic relations and everything."

"I don't know him to be the great mediator of race relations," she added.

Responding to such fears, Mr. Ueberroth said: "Nothing can be further from the truth. I stated clearly that I would go forward in this unpaid job only if I had the support of the African-American, Latino, Asian and Anglo communities that were affected. A plan to re-ignite and rebuild will only work with their support."

Social workers, meanwhile, offered one possible explanation for the surprising force of the rioting. They said the city's powerful street gangs had played a major role.

Officials of the Community Youth Gang Services estimate that up to 30 percent of the rioters, looters and arsonists were members of black and Hispanic gangs that have long terrorized the poor neighborhoods.

(AP, Reuters, LAT)



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AFTERMATH
Visiting Clinton
To Root

LOS ANGELES — The aftermath of the riots in Los Angeles is still being felt. The city is slowly returning to normal, but the damage is significant. Many businesses have been destroyed, and thousands of people have lost their homes. The police are still on patrol, and the city is still recovering from the chaos.

Clinton is visiting the city to see the damage and to offer his support. He is expected to stay in the city for several days. The city is still recovering from the chaos, and the damage is significant. Many businesses have been destroyed, and thousands of people have lost their homes. The police are still on patrol, and the city is still recovering from the chaos.

L.A. Mayor Says He Rarely Spoke With Police Chief

LOS ANGELES — Mayor Tom Bradley said Monday that he rarely spoke with the police chief during the recent riots in Los Angeles. Bradley said he was often in the city during the riots, but he did not have much contact with the police chief. He said he was often in the city during the riots, but he did not have much contact with the police chief.

AFTERMATH IN L.A.: Political rhetoric starts to heat up as normalcy begins to return

Visiting Koreatown, Clinton Urges U.S. To Root Out Causes

Compiled by Our Staff From Dispatches LOS ANGELES — Bill Clinton scoured the stricken Koreatown neighborhood Monday and said the nation must work to "make some good" come out of the riots here by taking action to correct the underlying problems.

genuine community" after the riots prompted by the acquittal last week of four white police officers accused of violating California law by beating a black motorist, Rodney G. King, in March 1991.



Governor Bill Clinton, left, and a Los Angeles city councilman, Mike Ha, looking at the riot damage in Koreatown on Monday.

CLINTON: Democratic Front-Runner Looks Confidently to November

(Continued from page 1) lose ground, but as painlessly as possible. He'll sort of give us an anesthetic as we continue to slide.

The general election campaign is only beginning, but Mr. Bush's allies clearly intend to use the "sickness" accusation against Mr. Clinton. The assertion helps raise the issue of trust, always a critical threshold for a presidential challenger.

Mr. Bush in 1988, that means believing that toughness is all. "The problem is, every time you get in one of those fights, the election becomes more and more about the politicians and less about the people," he said.

Headlines in Today's

Mr. Clinton said Monday that the riots showed the need for a new president who could bring up and reunify a nation drifting apart along the divides of race and income.

Clinton's Campaign

Mr. Clinton said at the First Baptist Church. "We must not allow this country to drift apart further by race and income," Mr. Clinton said.

He talked several times of wanting to take his campaign back to its beginning, back to the issues of "a forgotten middle class," like programs for college loans and apprenticeships, and back to his vision of "reinvented" government efforts to move the poor into the economic mainstream.

He worked for 11 years with Reagan to minimize the availability of college aid to middle-class kids," he said, "and then right before the Pennsylvania primary, when it looks like I'm going to be the nominee, he all of a sudden is a convert to middle-class college aid."

He spoke, for example, with considerable passion in recent days about the crisis in Los Angeles. He said in the interview that his background as a Southern governor gave him a special perspective on the issue, on the need to "establish a dialogue across racial lines in this country."

Simi Valley Resents Its New Notoriety

By Jane Gross New York Times Service SIMI VALLEY, California — The very layout of the streets in this well-to-do suburb speaks volumes about how unwelcome strangers are here, about how much safety means to the 100,000 people, most of them white, who have crossed the mountain range and then the Ventura County line to escape the chaos and discomfort of the city.

community with others who own houses, work for a living and obey the social contract. "The people who live here share my values," said Arand Colten, a manager of a McDonald's, who passed a sunny day beside a neighbor's pool in Wood Ranch, a planned community with 3,000 housing units, shops, schools and golf courses within its secure perimeter.

"As we look over the hill," the editors of The Enterprise boasted, "we are proud of the society we have built here." Within hours, the world saw it otherwise, with news commentators and demonstrators making disparaging references to this largely white city, labeling Simi Valley racist and comparing it to Mississippi in the 1960s.

City officials said that after the verdict they received telephone threats that the police station, courthouse and local hotels would be bombed. This hostility directed at their city wounds Simi Valley residents, who are quick to note that only two members of the jury live in Simi Valley, with the rest from cities and towns throughout the county.

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L.A. Mayor Says He Rarely Spoke With Police Chief

LOS ANGELES — The black liberal mayor of Los Angeles and the white conservative police chief had not had as much as a conversation in the 13 months that preceded last week's rioting.

BUSH: Unrest Blamed on Welfare Program Failures

(Continued from page 1) for new social programs largely mirrors efforts by Housing and Urban Development Secretary Jack F. Kemp. Until now, those efforts have not been a high priority at the White House, and Mr. Kemp has been openly critical of the president.

Protesters Block Bridge in Washington

WASHINGTON — Demonstrators on Monday blocked traffic on one of the main bridges into the nation's capital and thousands of city employees stayed home from work to protest the verdict in the Rodney G. King case.

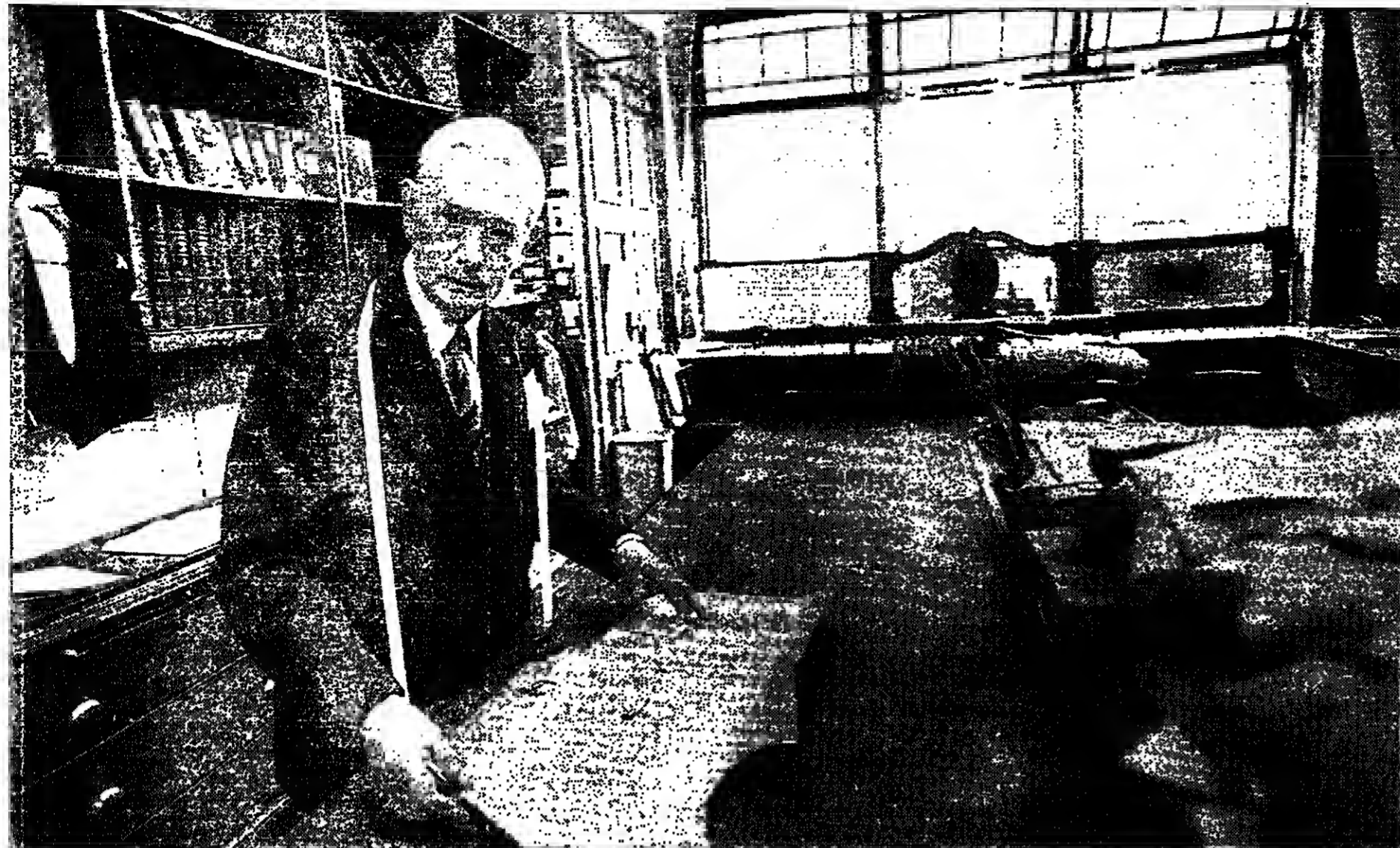
Clinton's Campaign

Mr. Clinton said at the First Baptist Church. "We must not allow this country to drift apart further by race and income," Mr. Clinton said.

Seoul Delegation Seeks Reparations

SEOUL — A South Korean government delegation left Monday for Los Angeles to seek reparations for the hundreds of Korean store owners who suffered damage in the rioting last week.

Subscription form for the International Herald Tribune, including a table of rates for various countries and a section for ordering details.



Dennis Hallbery, retiring after 42 years with Anderson and Sheppard of Savile Row, whose soft tailoring has knocked the stiffness out of the suit. Charles, Prince of Wales is an illustrious client.

Savile Row Secrets: Hunt Balls and a Turn With Fred

By Suzy Menkes
International Herald Tribune

LONDON — Dennis Hallbery has the look and bearing of a gentleman: the dark three-piece suit with the vest's bottom button discreetly left undone, black Oxford shoes as polished as his manners. If Hallbery has any regrets as he retires as tailor of distinction at Anderson and Sheppard of Savile Row, it is that the world now contains too few Bertie Woosters.

"We no longer get gentlemen as customers," he says. "A gentleman would come to choose a suit in the

morning and come back after lunch having bathed and changed. Now we are working for workmen."

Hallbery retires at 65 this spring after 42 years spent in the hushed atmosphere of a gentleman's club. The august premises on Savile Row have dark, frowning paneling, ceiling fans, a sturdy clock, a stuffed stag's head, mahogany counters, and a well-worn parquet floor, on which Fred Astaire would dance in the fitting room to put his new coat through its paces. Hallbery is a coat man (don't call it a jacket) who joined the firm in 1950 at the age of 23, following in the footsteps of his father, who had been there since 1927.

The most illustrious client is

Prince Charles, whose Prince of Wales feathers and royal warrant are engraved on the window. Charles was lured to Anderson and Sheppard in 1984, when his new wife, Diana, wanted to change his stiff and stuffy image.

"We are proud and honored to have the Prince of Wales as a client," says Hallbery, who dressed the royal chest in a modern double-breasted suit.

The secret of Anderson and Sheppard — whose client list runs from the international establishment to show biz — is in the soft coats that were introduced to Savile Row by the Swedish tailor Scholte, whom Anderson worked with before setting up in business in 1906.

"We make the softest coats in the West End," says Hallbery. "These fashion people are talking about the new unstructured coats — I call it the unmade effect — but it all started with Scholte." Hallbery's own coats are cut with a small armhole that, along with the jacket's neck and collar, holds the coat in dignified place — yet still offers the ease and movement that created a revolution in men's tailoring. The first to appreciate that was a former Prince of Wales — the future Edward VIII and Duke of Windsor — who was a lifelong Scholte custom-

er and delighted in being freed from "a buttoned-up childhood in every sense of the word."

The Duke of Windsor also knew that a man who cuts a great coat will not make pants; his own were made in the United States, an arrangement which the Duchess of Windsor described as "pants across the sea."

The soul of Anderson and Sheppard lies on the bare wooden worktables of the coat-cutter, Brian Russell, slicing fine pin-striped cloth with bold shears, and of dapper John Hitchcock, described by an Italian client as "the best trouser-cutter in the world."

What makes a tailor so great that a man will cross the ocean for him? "That is the intangible," says Hallbery. "Tailors have something in their fingers. There is the question of manipulating the cloth. There are the good quality materials and the hand-sewing. Some tailors are good with big men and some with small. But it is like asking the difference between a Gainsborough and a Sunday afternoon painter."

Hallbery's own dark suit, according to its label, was made in 1983, which makes it a young'un by Anderson and Sheppard's standards. Although a fire in 1962 de-

stroyed some records, leather ledgers, filled with crabby script, give measurements that span the century.

"We recently had in six suits made in 1927," says Hallbery. "We reined, sponged and pressed them and they were as good as new."

The days are gone when you could define a man's class and standing by the cut of his suit and the choice of a tailor was made before the choice of a wife — and may have been the longer-lasting relationship. New customers come not with their fathers as a rite of passage to manhood, but when they are established and in their 30s. Hallbery, who believes in holding a torch for tailoring standards, would not make a flashy yuppie suit.

"Savile Row is old fashioned, we are not Carnaby Street, thank God," he says, referring to the one-time mecca of the sharp suits of swinging London.

For 40 years Hallbery has kept fashion at bay and has a fount of wise nannie-knows-best sayings: "A suit is like a picture frame — it is there to enhance the personality," or, "If a man goes down the street and someone remarks on his new suit, we've failed."

"Are you asking me to make a Rolls-Royce with the front of a Mercedes, sir?" he asked a young client with a racy sartorial style — just as back in the 1920s Scholte refused to cut a fancy suit for the Duke of Windsor's dashing friend Major Edward Dudley (Fruity) Metcalfe.

What would Anderson and Sheppard consider a betrayal of its principles? Anything as "outrageous" as a "pop star" tuxedo with pink facings, although a gentleman might once have worn that to a hunt ball.

"Ah, the hunt ball coats!" sighs Hallbery. "And the tremendous orders we used to do in three days for funerals! We never now make a country suit with an overcoat to match. People wear sweaters and Barbour's. There's a photograph of myself in Norfolk picnicking in a double-breasted suit with turn-back cuffs and tie. A lot of things have gone. People don't dress in the evening. Tailoring is a mark of self-respect, and today's dress debacle; it goes deeper, there is a malaise."

If you want a country suit in a bold shepherd's plaid, a sports jacket in the misty shades of bog and heather, or just a sober business suit, there are balcks of cloth

stacked up by the counters. After the material has been chosen, there are two or three fittings (four for a new client) and the suit is ready in three to four weeks. The number of outfits made annually is a Savile Row trade secret, but in one workroom, clients from the first half of the alphabet currently have around 150 suits waiting for fittings. A

changed, and new clients are even required to put down a deposit for a suit that costs £1,351, or about \$2,400 (less tax for overseas clients). More than 50 percent of customers come from overseas, with America the largest market, and a sprinkling of the famous.

"It takes getting used to not to be overawed by famous people," says Hallbery, who has memories of Gary Cooper walking in ("exactly like a screen coming to life") and of the actor Sir Ralph Richardson ("Now there was someone who knew about clothes"), gripping Hallbery's hand to explain what it was like to be directed by Claude Chaplin.

Upstairs, in the warren of workrooms, 79-year-old Arthur Mortensen remembers Douglas Fairbanks and Marlene Dietrich coming in together for fittings and some tique badinage over trying on pants. Under the rooftops is a new generation of tailors (average age 30), who may wear jeans and sweaters, but keep up tailoring standards for the flourishing business.

Yet Hallbery's retirement is symbolic of an era passing. His son has gone into computers and broken a century-old family thread. Hallbery will be too busy he says, with country life — his first love — and painting, to peat his memoirs. Ah, if inside leg measurements could only speak, what a tailor's tale they would have to tell.

We no longer get gentlemen as customers. Now we are working for workmen.

wooden horse for trying on riding breeches still stands sentinel over a glass-fronted cabinet containing deep-pile camel-hair overcoats and velvet smoking jackets.

Next door, the busy patterns of each client are strung up — the master pieces cut out of brown paper and showing the mips and tucks that account for expanding girths as corporate clients grow corpulent.

Setting his tailor's bill too swiftly was once a reason for a "gentleman" to be blackballed from his club as a "bouncer." That too has

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STYLE MAKERS

Bobby Short
 ELEGANCE AND VIGOR

New York Times Service

NEW YORK — Bobby Short has been synonymous with Manhattan's cabaret high life for so many years that it is easy to forget that the singer and pianist was not born into the world he has come to symbolize. Opening his 25th season at the Cafe Carlyle, Short celebrated his roots in a program that was generously peppered with reminiscences of his youth in Danville, Illinois, and his years as a pre-adolescent nightclub performer in Chicago and New York City.

"I have a compelling superstition about Stephen Foster's song about racehorses," he announced early in the evening in an anecdote about how his mother's superstitions had rubbed off on him. "If I can get through this song without a hitch, the rest of the show will flow like glass."

Short then launched into an accelerated, letter-perfect rendition of "Camptown Races," accompanied only by clicking drumsticks.

As he hits a 25th-anniversary celebration, the show was a sort of retrospective of Short's greatest hits, with an emphasis on Cole Porter and a homage to Andy Razaf, whose blues song "Guess Who's in Town," written with James P. Johnson, has become one of Short's musical signatures.

Short has done as much as anyone to bring Razaf, who wrote many of lyrics for Fats Waller's songs, into the pantheon of great American songwriters. His efforts on Razaf's behalf are part of larger lifelong effort to show the fluid interaction between the musical worlds of Broadway and Harlem in the 1920s, '30s and '40s.

The personality that Short has created as master of revels at the Carlyle is really an ebullient but refined, somewhat desensitized descendant of Waller.

The anniversary show was a typically superb balancing act between elegance and physical vigor. That elegance was manifest in Short's perfect diction and his taste in songs.

His physical vitality, impressive for a musician of 67, displayed itself in rip-roaring pianism that carried many of the uptempo songs into climactic crunches of chords, after which he often leaped up from the piano bench with his arms extended.

Among the high points were a wistfully airy "Body and Soul,"

charging uptempo renditions of "Do I Love You" and "Five Got a Crush on You," and a ricketyly affirmative "Just Out of the Three Things."

Although Short rarely becomes introspective, his renditions of "As Time Goes By" and especially "Street of Dreams" were imbued with a touching reflectiveness.

Short was deftly accompanied by his longtime cohorts, Robert Scott on drums and Beverly Peet on stand-up bass.

The Cafe Carlyle is in the Carlyle Hotel on 76th Street.

Stephen Holden

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INDIA

Blueprint for Reform

Economy Has New Global Orientation

When the leaders of India's ruling Congress (I) party met in the southern temple town of Tirupati in April, the economic resolution that was passed underscored the country's new economic policies.

Stock prices have doubled since January.

Since the minority government of Prime Minister P.V. Narasimha Rao took office last June, India has witnessed sweeping change in the basic orientation of economic policy. Says Tarun Das, director-general of the Confederation of Indian Industry: "The government has done an enormous amount to change things."

For 40 years, India lived on a restrictive diet of socialism; public-sector domination of industry, every imaginable control on private industry, high tax rates, a cool attitude

The Bombay stock index surged to 4,400 in April

toward foreign investment, high tariff walls to protect domestic industry and a belief in the superiority of state intervention over market economics.

But during the last 10 months, the government has virtually ended licensing of industrial capacity, thrown open the country to foreign investment, slashed income tax rates with the promise of more to come, reduced customs tariffs in two stages, again with more stages to come, begun the privatization of state-owned industry, opened to private-sector investment in many areas previously reserved for the public sector, and emphasized at every step its belief in the effective functioning of markets. The transition is also being made from a virtually closed economy to one that actively seeks to integrate with the rest of the world. Trade restrictions have been dismantled. The rupee is already partially convertible and will be freely convertible in three years.

The stock markets have responded with an euphoric burst that has seen

average stock prices double in the last four months and taken the Bombay stock exchange's Sensitive Index from less than 2,000 in January to over 4,400 in late April. This despite an industrial recession (brought about by deflationary policies linked to a standby loan of \$2.2 billion from the International Monetary Fund) and forecasts of a below-normal monsoon that could affect agricultural production in the coming year. Two other economic problems also loom large: inflation, which continues at nearly 13 percent despite repeated government assertions that the rate of price increase will drop below double-digit level, and the balance of payments problem.

Foreign industry has responded. The large international firms that have decided to invest in India over the last year include IBM, Coca-Cola, General Electric (with seven projects), Ford, General Motors and C. Itoh. Others considering sizable investments in the country include Shell, Mitsubishi, Siemens and Du Pont, with almost all of them looking at core sectors like power and petrochemicals. Foreign investment this year is expected to triple last year's \$200 million, and to climb to \$2 billion next year. Says Paolo Fresco, member of the GE board in charge of international operations: "We see India as offering the maximum potential in the coming years, along with Mexico and the Southeast Asian countries."

Foreign companies have an infinitely freer environment on offer in India now than at any stage in the past. There are some doubts about whether the government's expectations of substantial foreign investment will actually materialize, given



Suzuki is now the majority shareholder in its joint venture with Maruti.

the recession in the major Western economies and fears of a global capital shortage. But foreign companies are now free to control majority shareholding in companies, set up trading offices, buy property and enter fields closed to them in the past. Foreign banks, long confined to a small niche in the total market, are also being allowed to open new branches and expand their business.

Meanwhile, the privatization of public-sector companies has begun. Though this is still a contentious issue with some of the opposition parties, it has much broader appeal than would have been possible even two years ago. One of the more significant privatization steps concerns the high-profile car company Maruti Udyog, started as a joint venture with Suzuki Motor Company of Japan, with the government as major-

ity shareholder. Now Suzuki has been allowed to take majority shareholding. Says R.C. Bhargava, Maruti's chairman and managing director: "The only way to solve the management and other problems associated with public-sector industry is to go in for privatization." Two years ago, that kind of statement from the chief executive of a public-sector company would have been heresy. Today, no one will bat an eye.

Also being privatized is the public-sector hotel chain run by the Indian Tourism Development Corp., with bids being invited from the world's leading hoteliers. Tourism is being promoted in an effort to revive the industry, which suffered in the wake of the Gulf War last year and the political turmoil that engulfed India in 1990-91. Says Ashok Bhatia, chairman of Welcomgroup hotels: "We are very happy to see that the government is about to launch a major promotional campaign to sell India to tourists. We expect the 1992 tourism year to be much better than the last one."

Foreign companies still worry about tax rates for companies, which continue to be high, at over 50 percent, but the expectation is that this will soon drop to 40 percent or less. Also of concern are the country's rigid labor laws, which regulate such basic issues as layoffs, retrenchments and closures. The government has so far dragged its feet on undertaking reform in this area, for fear that the large trade unions will declare war. But in the face of pressure from the IMF and the World Bank, policy changes are likely to be introduced over the next year.

Meanwhile, the reform program hinges on the success of efforts to

curb government spending, cut the fiscal deficit, bring the money supply under control and boost exports. Significant success has already been achieved on many of these fronts, but there have also been slippages on some of the targets agreed on with the IMF.

The trade deficit in the financial year that ended in March dropped dramatically to less than \$2 billion,

emphasizes, however, that the monthly export performance has shown improvement after January, and the government says that the real export burst will come after the new policies have had a gestation period of 12 to 18 months. Certainly some of the largest companies in the country are now focusing on export markets in a way they never did before.

The mood in industrial circles is remarkably upbeat, but Tarun Das of the Confederation of Indian Industry also emphasizes that a great deal remains to be done. The CII has put together a 19-point plan of action for the government, including further decontrol of industry, more ambitious privatization measures, reform of the rigidly controlled and troubled financial sector (the largest banks in the country are all government-owned), and an urgent review of labor legislation. The CII has also called for a streamlining of outdated government procedures.

All this and more certainly needs to be done. But in June last year, few would have forecast that the year to come would see such dramatic change in India's economic environment. Then, the pessimists outnumbered the optimists. Today, of course, the optimists are in the majority.



Large companies are focusing on exports like never before.

down from the previous year's \$6 billion; foreign exchange reserves have zoomed upward from a crisis level of \$1.3 billion last June to nearly \$8 billion now. But the improvement in the trade picture was essentially a result of a severe squeeze on imports, following the foreign exchange shortage, and export growth has yet to show any real momentum in the wake of the new policies. Commerce Minister P. Chidambaram

This advertising section was produced in its entirety by the supplements division of the International Herald Tribune's advertising department. It was written by T.N. Ninan, editor of The Economic Times (New Delhi).

in Fred

new clients are... Time Goes By... Street of Dreams... Short was definitely accompanied... his longtime cohorts, Robert... on drums and Beverly... stand-up bass... The Cafe Carlyle is in the... Hotel on 76th Street.

Stephen Holden

RS

perfect... and his...



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A Profile

CAPITAL AND ASSETS (As at end-March 1991)		US\$ million
Paid-up Capital		358
Reserves and Reserve Fund		702
Total Assets		11581
HIGHLIGHTS OF OPERATIONS (1990-91 April-March)		
Chairman Mr. S. S. Nadkarni	Approvals	3508
	Disbursals	2268
Managing Director Mr. S. H. Khan	Since Inception (1964-91)	
	Approvals	24700
	Disbursals	17628



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NYSE

Monday's Closing
Tables include the nationwide prices up to the closing on Wall Street and do not reflect late trades elsewhere. Via The Associated Press

Symbol	Price	Change
IBM	100.00	+0.25
MSFT	55.00	+0.50
ORCL	45.00	+0.25
INTL	35.00	+0.10
DISC	25.00	+0.15
WALT	15.00	+0.05
AMZN	10.00	+0.10
GOOG	8.00	+0.05
MSFT	55.00	+0.50
ORCL	45.00	+0.25
INTL	35.00	+0.10
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INTERNATIONAL STOCKS

Sydney Brokers Cheered
By Hopes of a Rate Cut

By Michael Richardson
International Herald Tribune

MELBOURNE — The Australian stock market is in a buoyant mood following an unexpected drop in inflation and the prospect of another substantial cut in interest rates. But analysts caution that political uncertainty and a heavy schedule of new equity offerings could limit any rally.

The Reserve Bank will meet Tuesday and is expected to announce a one-point cut in the official cash rate, now 7.5 percent. Analysts believe the central bank has plenty of leeway to ease because, after 18 months of recession, inflation was zero in the first quarter while unemployment remained above 10 percent of the work force.

Investors 'can earn
higher returns from
shares than from
fixed interest rates.'

Another interest-rate cut of up to one percentage point by the Reserve Bank is needed to stimulate the economy, said John Banos, chief economist at ANZ Banking.

The market ended marginally weaker on Monday as news of a worse-than-expected March current-account deficit of 1.02 billion Australian dollars (\$772 million) wiped out steady gains, news agencies reported. The All Ordinaries Index fell 0.8 point to 1,664.1.

The index is still below its 1991 high of 1,685, following some recent weakness. Still, the announcement last week that Australia's inflation rate was down to 1.7 percent in the 12 months that ended in March has had a major impact on market psychology. The fall in inflation, which has averaged more than 8 percent a year over the past decade, and interest rates has encouraged investors to move money into a full range of shares instead of just the resources sector, said Terrence A. Campbell, managing director of West Stockbroking Ltd. What is happening, Mr. Campbell said, is that investors are "realizing that they can earn higher returns from shares than from fixed interest rates."

West Stockbroking has prepared a portfolio of 10 industrial, banking, construction, brewing and media stocks that will give investors an after-tax annual yield of up to 8.1 percent. In contrast, cash management trusts that two years ago yielded 15 percent now offer only 5.6 percent.

THE MARKET also stands to benefit from the "massive rationalizations" forced by the long recession, which have led companies to shed staff and cut costs, Baring Securities said in a recent survey.

Nestor Hinzack, head of research at Bain Securities Ltd. in Sydney, predicted that profits of the 50 largest industrial companies would surge by 28 percent in the year to June 1993, after falling by 2 percent in 1991-92 and by 20 percent in 1990-91.

Despite the positive signs, analysts caution that the possibility of an early election — which must be held within the next 12 months — combined with increased government spending ahead of the polls could rekindle inflationary expectations.

A theory schedule of equity raisings also may keep share prices from galloping ahead.

Steven Kenyon, an analyst at Macquarie Bank Ltd. in Sydney, said companies were expected to raise about 15 billion dollars through rights issues, placements, options and dividend reinvestment programs in 1992-93. Capital raisings are expected to total 12.5 billion this year, the first increase in five years.

Woodwards Ltd., the profitable retailing arm of the failed Adsteam group of companies, is expected to be one of the first major floaters of 1992-93. Adsteam's creditor banks want to raise up to 2.5 billion dollars from the float. Several federal and state governments, including the national airline Qantas, also are expected over the next 18 months, Ms. Fenton said.

Analysts said that the market should be able to digest these cash calls. Michael J. Heffernan, chief economist at the Australian Stock Exchange Ltd., said the expansion of superannuation savings, a common retirement savings vehicle, should ensure that sound new stock issues were absorbed. He estimated that superannuation funds would grow to about 600 billion dollars by the year 2000, compared with 130 billion dollars today.

Bleak Economic Future for California

By Richard W. Stevenson
New York Times Service

LOS ANGELES — California, already mired in a recession that was exposing jagged cracks in its "golden state" facade, now faces an even bleaker economic future.

The violence, looting and arson that swept wide areas of the second-largest U.S. city last week destroyed thousands of small businesses. That disaster will cause the direct loss of more jobs and tax revenues from a state already enduring a hemorrhage of both, economists say.

The stark image of a city out of control is likely to do little for the state's efforts to persuade companies not to leave and other companies to open factories. Tourism, one of California's most vibrant industries — providing 360,000 jobs and generating \$7 billion annually — seems certain to fall off, at least in the short run. And foreign investment in real estate and local industry is at risk.

The implications for the L.A. area are not good, and the implications for the state of California are not good, said Jack A. Kyrle, the chief economist for the Economic Development Corporation of Los Angeles, an industry-financed group formed to promote economic growth.

As it debates how best to get moving again, California, where growth always seemed a natural state of affairs, is being forced to confront some painful consequences of its own policies during its decades-long boom.

Last year alone, California lost 333,000 jobs, or 2.6 percent of total nonagricultural employment, and in 1990, at least as many. The exodus reflects the high cost of doing business in the state.

Even when California's economy was booming, unemployment was very high among young African-American and Hispanic people. With unemployment in the state at 8.5 percent in March, the most recent month for which statistics are available — well above the national rate of 7.3 percent — the rate among young black and Hispanic men has soared far beyond that.

And the growth in per-capita income last year was 1.3 percent, far behind the national average of 2.1 percent.

With last week's devastation bringing a new urgency to the question of how far California is willing to go in changing its approach to its underlying economic problems, it is clear that an uncharacteristic period of introspection has begun.

"In California, wholly apart from the re-

cession, our jobs climate is unacceptable," Governor Pete Wilson, a Republican, said in a speech to a group of business executives here last month. "Our economic engine is broken, and it needs fixing."

California is far from alone in having economically blighted inner cities, or in having a large population of working people barely above the poverty level. And certainly some of the state's problems, like the painful contraction of the aerospace and military industries in the wake of the cold war's end, are beyond its ability to fix by itself. But among the policies it must examine are these:

• Officials here say more and more frequently that the state must spend more on education, job training, roads, mass transit and the other underpinnings of a healthy and growing economy. But California, where the anti-tax revolt began in the 1970s, has long been unwilling to accept a broad-based tax increase to achieve those ends. Now, with its population growing and its economy shrinking, the state's fiscal problems continue to mount, creating further pressure for spending cuts by state and local governments.

• California has for years had a reputation

See CALIFORNIA, Page 12

Will L.A. Riot Jolt U.S. Treasury Refunding?

By Kenneth N. Gilpin
New York Times Service

NEW YORK — Some credit market analysts say the disorders in Los Angeles and elsewhere last week may be felt in the financial markets for weeks if not months.

The analysts look to this week's \$36 billion Treasury refunding auctions as an area where the anxiety may be felt.

"To the extent that foreign participation in these auctions matters, the fact that foreigners are looking at a place that is not as

politically secure as it seemed even a few days ago" will not help the debt sales, said David H. Resler, chief economist at Nomura Securities International.

Now that serious questions have been raised for the first time in at least a decade about America's political and social stability, it remains to be seen how enthusiastic overseas investors will be to buy the new 3- and 10-year notes and 29½-year bonds.

Other analysts expect to see fallout in Washington from last

week's riots. They say Congress and the Federal Reserve Board may feel more pressure to try to stimulate economic growth for fear that the nation's fragile recovery could stumble.

"Alan Greenspan has to be awfully nervous about this situation," said Edward Yardeni, chief economist at Prudential Securities, referring to the Fed chairman. "Both Wall Street and the Fed favor a slow recovery. But this social unrest creates a lot of pressure to generate something more substan-

tive because the fundamental underlying problem feeding the unrest is the recession."

Even before the riots, market participants viewed this week's refunding auctions as more speculative than most, in part because for the first time in years a crucial set of economic data — employment statistics for April — will be released on Friday, the day after the auctions end.

Any lack of enthusiasm about

See ANXIETY, Page 12

German Budget
To Seek Strict
Spending Limits

Compiled by Our Staff From Dispatches

BONN — Amid its worst post-war strikes and deepest financial crisis in years, Germany is set to unveil Tuesday an austere 1993 budget and three-year financing plan that underline the country's new, tough stance on spending.

That stance was emphasized Monday by Finance Minister Theo Waigel, who said he would reject spending claims by several ministers because their demands were too high.

Mr. Waigel, in an interview with Stern magazine, reiterated that he would allow government spending to increase by only 2.5 percent annually over the next four years. He said Economics Minister Jürgen Möllemann's budget requests would have to be trimmed by 6 percent to 7 percent, and other proposals would also have to be scaled.

The cuts come against the background of a pay dispute with public-sector workers that has led to the country's worst strike since World War II.

Finance Ministry sources said Mr. Waigel's 1993 budget foresaw a federal deficit of around 40 billion Deutsche marks (\$24.1 billion), after a 45.3 billion DM deficit this year.

Mr. Waigel's financing plan also postpones by one year, to 1996, the goal of lowering the federal deficit to 25 billion DM, a feat admission that unification is proving more costly than expected, the sources said.

See GERMANY, Page 12

But economists and Germany's international partners are more worried about the country's total public-sector borrowing. The public-sector deficit, which includes borrowing by federal, state and local governments and the Unity Fund, is expected to total 124.3 billion DM in 1992, after 126 billion DM in 1991.

Concerns about the widening impact of the public-sector strikes pushed German share prices down Monday for the seventh straight day. The DAX index ended 5.74 points lower at 1,738.29.

Separately, Hans Tietmeyer, vice president of the Bundesbank, said that how quickly the German economy could be brought back on course depended largely on the outcome of the wage talks.

German interest rates "depend heavily upon the evolution of money supply and progress made in the fight against inflation," and such progress depends on the outcome of the current pay disputes, Mr. Tietmeyer said.

"That should be clear to all those responsible for wage, financial and social policy: they risk prolonging the period of restraint of our monetary policy," he said.

Mr. Tietmeyer said a cut in German interest rates should not be expected for the moment, because of the "extremely strong" growth in German money supply.

By Staff, L.A. Bloomberg, AP

Kuwait's Largesse Spurs Debt Fears

By Youssef M. Ibrahim
New York Times Service

KUWAIT — The Kuwaiti government is in the middle of a seemingly unrestrained multibillion-dollar spending spree, raising fears among Kuwaiti economists and opposition figures that this once fabulously wealthy nation could end up in debt in just a few years.

While much of the money is going to meet the huge expenses of the Gulf War and rebuilding in the aftermath of the country's occupation by Iraq, billions of dollars are committed to programs that critics are calling unwisely.

For instance, the government plans to bail out private Kuwaiti banks by assuming all their bad loans to Kuwaitis, many of whom are said to be billionaires and members of the ruling royal family who could easily repay.

Recent government spending commitments add up to at least \$65 billion, or more than two-thirds of Kuwait's estimated assets of \$100 billion, held abroad in the form of real estate, stocks, treasury bonds and cash.

Government officials say the spending programs are vital to economic recovery and prudent in the light of expected oil income.

But many Kuwaitis and foreign diplomats say that as spending rises and income from the vital oil industry remains relatively low because of heavy damage inflicted by the Iraqis, there is a clear risk that all of Kuwait's reserves will be quickly wiped out, stripping the country of financial security.

That could discourage Kuwaitis from investing in the country and could prompt the government to reverse basic elements of the most generous welfare state in the world, one that imposes no taxes and provides free health care and schooling to its citizens.

"They are not broke, but they are like a billionaire who's been cut down to a millionaire," said a Western diplomat who follows Kuwaiti affairs closely, speaking on condition that he not be identified.

"They may be heading for rough times if they don't slow down, stretch out or cancel some programs in the next couple of years."

In the last two months, the Kuwaiti government has authorized arms purchases and repairs in the oil industry of up to \$20 billion, and approved the bank bailout

See KUWAIT, Page 13

Italian Model for Hungary

By Roger Cohen
New York Times Service

BUDAPEST — It has been a terrible three years for Eastern Europe. The economies of the region have shrunk by almost 25 percent since the painful transition to capitalism began.

But in Hungary, where the model that served postwar Italy well appears to be finding favor, the faint outlines of a success story are beginning to appear.

The Hungarians have long prided themselves on being shrewd, practical people. When the country was part of the Soviet bloc, it was sometimes described as "the West of the East" because of its ability to circumvent Moscow by quietly introducing, from 1968 onward, elements of a market economy.

Now that same pragmatism is being applied in a way that may one day turn the country into the Italy of the East.

"In the rapid growth of small and medium-sized enterprises, in the development of a huge underground economy, in our widespread tax evasion and even in our slow-moving government, we have a sort of Italian system taking shape here," said Eva Voska, a prominent economist. "There are

drawbacks as well as benefits, but the country is inching forward."

Over the past three years, the number of legally registered private companies has shot up to 57,000 from 5,000. Beside this, said György Suranyi, former

governor of the central bank, "there are tens of thousands, perhaps hundreds of thousands, of small family businesses operating outside the official economy."

In a sign of this activity, domestic savings have been rising sharply, a development not usually associated with a steep recession such as Hungary's last year.

Times are still hard, and a successful Hungarian transition is far from certain. Devastated by the disappearance of its main ex-

port market — the former Soviet Union — and by the new pressures of capitalism, output was down 8 percent last year. But that compares to a fall of 19.5 percent in Czechoslovakia and about 10 percent in Poland.

A further decline in output, of about 2 percent, is expected this year, and unemployment, now reported at 9 percent, is rising. Inflation, at about 27 percent, has not yet been controlled, although it is well below the level of other countries in the region.

Overall, bankers and businessmen appear unanimous in saying that Hungary has taken a clear lead on its neighbors in economic reform and is best placed to achieve sustainable growth in the near future — perhaps by next year.

"Hungary is off to the best start, there is no question about that," said Ronald M. Freeman, first vice president of the European Bank for Reconstruction and Development. "Projects are cleared much faster, there is much greater stability, the rule of law is assured, and efficiency is generally greater."

Reflecting this view, about

See MODEL, Page 14

CURRENCY RATES

Table with columns for Currency, Bid, Ask, and other market data. Includes entries for Gold, Silver, and various international currencies like the British Pound, Japanese Yen, and Swiss Franc.

Source: Reuters, London and Zurich. Prices in other centers; New York closing rates and Toronto rates at 3 p.m.

100-day period: To buy one dollar = Units of 100; M.G. not quoted; N.A. not quoted.

Other Dollar Values

Table listing various dollar-denominated assets and their values, including Treasury bills, bonds, and other securities.

Source: Merrill Lynch, Pierce, Fenner & Smith Inc., New York City. Other data from Reuters and AP.

Forward Rates

Table showing forward rates for various currencies, including the British Pound, Japanese Yen, and Swiss Franc.

Source: Merrill Lynch, Pierce, Fenner & Smith Inc., New York City. Other data from Reuters and AP.

INTEREST RATES

Table showing interest rates for various currencies and instruments, including Eurocurrency deposits and U.S. money market funds.

Source: Merrill Lynch, Pierce, Fenner & Smith Inc., New York City. Other data from Reuters and AP.

Key Money Rates

Table showing key money rates for various currencies and instruments.

U.S. Money Market Funds

Table showing U.S. money market funds and their performance metrics.

GOLD

Table showing gold prices in various locations and currencies.

Source: Reuters, London and Zurich. Prices in other centers; New York spot market data. All prices in U.S. \$ per ounce. Source: Reuters.

Betting on Chaos in Markets

Physicists Aim to Predict the Unpredictable

By Barry James
International Herald Tribune

A group founded by a physicist and computer whizzes is about to test the assumption that chaos theory can be used to predict the behavior of financial markets.

According to conventional wisdom, financial markets discount all known information about a particular stock, commodity or currency to determine its price. But it is virtually impossible to predict sudden developments that can cause prices to swing sharply because those potential events are so numerous — from a sudden takeover bid or the death of a chairman to a natural disaster or a coup.

Nevertheless, Prediction Co. of Santa Fe, New Mexico, believes it can extract "pockets of predictability" amid seemingly random events and stay ahead of the markets.

The company, most of whose founder members previously worked at the Los Alamos National Laboratory, is building on the type of techniques used to analyze other extremely complex processes, such as the behavior of sunspots or fluid flows, that are almost, but not totally, random.

The difference is that the system of financial markets is vastly more complex — or "noisier," as physicists put it — than other chaotic processes.

The inventors of the method honed their techniques with early experiments to predict the behavior of a roulette wheel, which netted them a modest profit before they were run out of Las Vegas.

Prediction Co. now is putting the final touches on a partnership with a major bank, which it prefers not to identify until the agreement is signed. The bank will set up a fund to trade on the basis of Prediction's recommendations, according to Dooyne Farmer, one of the founders.

"I think there might be some validity to it," said Philip Smythe of Luzzio Birinyi Associates in New York, a leading developer of computer trading programs. "There is growing evidence that stock price movements are not necessarily always normally distributed." This kind of randomness chafes even the most sophisticated conventional programs.

Since its incorporation last September, the nine-member Prediction Co. has amassed a huge amount of data to create a comput-

er model to describe the behavior of financial markets. The important thing is that the researchers use raw data without making any assumptions about the way the markets might behave, and without structuring the model on past behavior, as conventional computer trading models do.

Imagine a river with video cameras running for 20 years at 20 different points along the bank, Mr. Farmer said. By collating the images from each camera and examining the connections between them, it should be possible to make

a reasonable guess whether the next eddy is going to veer left or right, or even whether the river is going to flood.

In theory, similar predictability should be possible to identify in financial markets, he said.

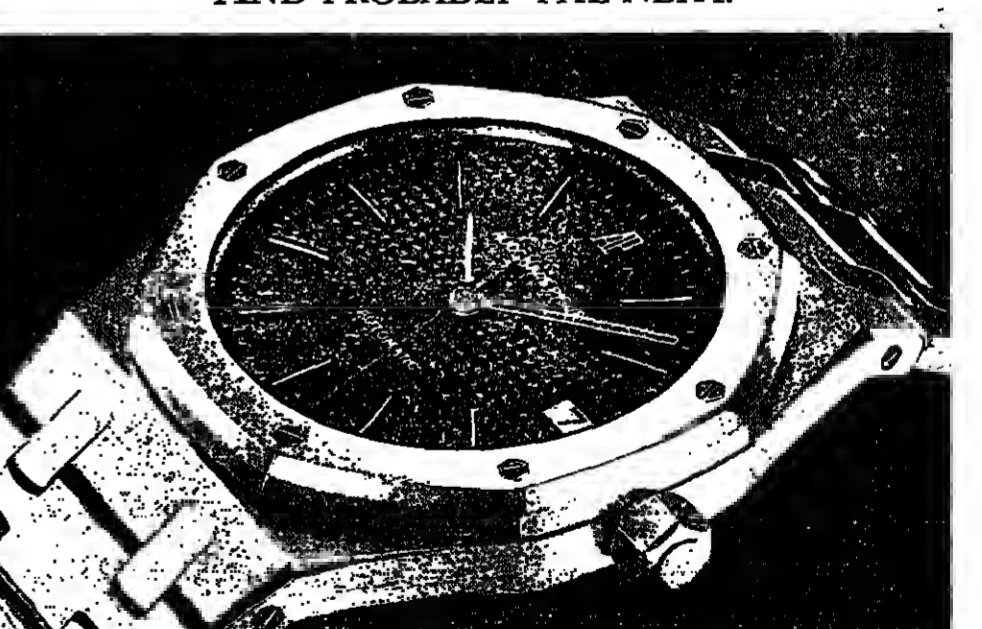
The problem is that markets, with tens of millions of active agents, are far more complex than rivers. In fact, the only things less deterministic, Mr. Farmer said, are systems involving quantum mechanics, such as the rate of radioactive decay.

Source: Reuters, Santa Fe, N.M.

BusinessWeek International advertisement. Includes text: "This week's topics: Germany's Unraveling Economy, The Push For Sustainable Development, Japan: Sales Sag For Luxury Imports, Productive Management Shakeup At Pirelli, Japan's Tight Reins on Technology. Now available at your newsstand! BusinessWeek International, 14, av. d'Ychey, CH-1006 Lausanne. Tel. 41-21-617-4411. For subscriptions call UK 44-628-23431 Hong Kong 852-523-2939."

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MARKET DIARY

Computers Drive Stocks to Record

NEW YORK — Computer-driven trading strategies pushed Wall Street to a record close on Monday, overcoming the decline on Friday that was induced by fear of riots. The Dow Jones industrial average rose 42.04 points to 3,378.13. The previous record was 3,366.90.

Mark Draws Strength From German Shift

NEW YORK — The Deutsche mark rose against most other currencies on Monday after the German government said it would improve its wage offer to striking public-sector workers. The dollar was higher in quiet trading, with activity dampened by holidays in London and Tokyo.



Table with columns: Vol., High, Low, Last, Chg. for NYSE Most Actives.

Table with columns: Vol., High, Low, Last, Chg. for AMEX Most Actives.

Table with columns: Vol., High, Low, Last, Chg. for NYSE Diary.

Table with columns: Vol., High, Low, Last, Chg. for NASDAQ Diary.

Dow Jones Averages

Table with columns: Open, High, Low, Last, Chg. for Dow Jones Averages.

Standard & Poor's Indexes

Table with columns: High, Low, Close, Chg. for Standard & Poor's Indexes.

NYSE Indexes

Table with columns: High, Low, Close, Chg. for NYSE Indexes.

NASDAQ Indexes

Table with columns: High, Low, Close, Chg. for NASDAQ Indexes.

AMEX Stock Index

Table with columns: High, Low, Close, Chg. for AMEX Stock Index.

Dow Jones Bond Averages

Table with columns: Close, Chg. for Dow Jones Bond Averages.

Market Sales

Table with columns: NYSE 4 p.m. volume, NYSE adv. cons. close, AMEX 4 p.m. volume, AMEX adv. cons. close.

NASDAQ 4 p.m. volume

Table with columns: NASDAQ 4 p.m. volume, NYSE volume down, NYSE volume up, NASDAQ volume up, NASDAQ volume down.

N.Y.S.E. Odd-Lot Trading

Table with columns: Buy, Sell, Short for N.Y.S.E. Odd-Lot Trading.

S&P 100 Index Options

Table with columns: Strike, Call, Put, Last, Chg. for S&P 100 Index Options.

Paris Sugar

Table with columns: High, Low, Close, Chg. for Paris Sugar.

White Sugar (cents)

Table with columns: High, Low, Close, Chg. for White Sugar (cents).

Oil Prices Hit High for Year

NEW YORK — Oil prices rose Monday to new highs for the year, driven up by gains in gasoline futures. Light sweet crude oil for June delivery rose 25 cents, to \$21.10 per barrel, on the New York Mercantile Exchange.

Dividends

Table with columns: Company, Per Amt, Pay, Rec for Dividends.

Proposed Reverse Stock Split

Table with columns: Company, Ratio for Proposed Reverse Stock Split.

USUAL

Table with columns: Company, Ratio for USUAL.

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U.S. / AT THE CLOSE

Pfizer to Sell Coty to German Firm

NEW YORK (Combined Dispatches) — Pfizer Inc. said Monday it has agreed to sell its Coty fragrance and cosmetics business to Joh. A. Benckiser GmbH of Germany for \$440 million. Coty, whose brands include Lady Estee and WRD Mink, had about \$280 million in sales last year.

GE, De Beers Sued Over Diamonds

NEW YORK (Bloomberg) — Kidder Concrete Cutting Co. filed a class-action lawsuit on Monday against General Electric Co., a division of De Beers Consolidated Mines Ltd. and Diamond Abrasives Corp., claiming the three violated antitrust rules by fixing prices in the \$600-million-a-year U.S. market for industrial diamonds.

Fed's Kelley Sees Subpar Recovery

SAN SALVADOR (Reuters) — The U.S. economy continues to show improvement but the recovery will be weaker than those of recent economic cycles, a Federal Reserve Board governor, Edward Kelley, said Monday.

Atari Suit Against Nintendo Rejected

SAN FRANCISCO (Reuters) — A lawyer for Atari Corp. said Monday that the company may seek to renew legal action against Nintendo Co. even after a federal jury dismissed its antitrust suit.

For the Record

Pathe Communications Corp. said that Credit Lyonnais Bank Nederland NV would own about 10 percent of Pathe's common stock following successful completion of a planned tender offer.

Group of 4, at Least, Forms in Asia

HONG KONG — Monetary officials from Japan, Australia, Hong Kong and Singapore held discreet talks Monday as a first step toward regular meetings on the four big Asia-Pacific markets, participants said.

ANXIETY: After the Riot, Will Foreigners Be Buyers at U.S. Refunding?

(Continued from first finance page) This week's refunding that foreigners might display would come on top of several years of diminishing foreign participation in the quarterly auctions.

CALIFORNIA: Unrest Deepens Economic Gloom

(Continued from first finance page) as the nation's strictest regulator of air quality and for being on the cutting edge of other environmental issues, and it has made considerable progress in cleaning up the smog in the Los Angeles area.

WORLD STOCK MARKETS

Table with columns: Market Name, Close, Prev. for World Stock Markets.

Markets Closed

The stock markets in London and Tokyo were closed Monday for a holiday.

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U.S. FUTURES

Table with columns: Season, High, Low, Close, Chg. for U.S. Futures.

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U.S. FUTURES

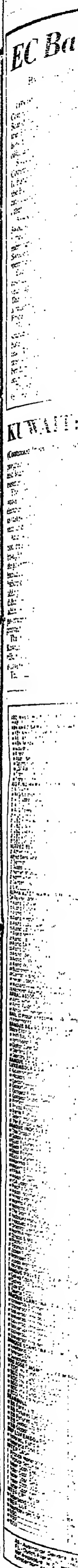
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EC Balks at EMS Links for Scandinavia

By Charles Goldsmith
International Herald Tribune

OPORTO, Portugal — The European Community is likely to delay a move by Scandinavian countries for closer ties with the EC's exchange-rate system until it sees how the next phase of monetary union goes, officials say.

Sweden, which has already applied for Community membership, is pushing especially hard for early "associate" membership in the EC's monetary system, which ties Community currencies within a narrow range of each other to prevent wild fluctuations.

Associate membership would allow the Swedish currency to be governed by the European monetary system while Sweden's membership request in the EC is pending. Sweden does not expect to be granted EC membership until 1995.

Such outside links are envisaged under a resolution adopted by Community leaders 13 years ago, but they have never been granted. The issue is expected to be the centerpiece of a meeting of EC finance ministers here on Friday and Saturday.

"It's a very sensitive issue," said an EC source close to the Community's internal decision-making process. "The question is whether we should grant such special status to a country that is not yet a member. We shouldn't grant any associate membership until we see how stage two of our own economic and monetary union proceeds."

The second stage of monetary union calls for the creation of a European Monetary

Institute, the planned forerunner to a European central bank, in 1994, followed by the adoption of a common currency by no later than 1999 in the third and final stage.

That tidy timetable was included in a treaty adopted by Community leaders at their summit in Maastricht, the Netherlands, in December. But there have been widespread doubts over whether EC nations can meet the pact's strict criteria on budget deficits and other economic factors, which are prerequisites for joining in a common currency.

Such uncertainty has led to "a feeling that it might be better to wait and see" on the Scandinavian requests for closer ties, said an EC diplomat involved in the debate.

Sweden, Norway and Finland have unilaterally pegged their currencies to the European currency unit, which now comprises a weighted basket of EC currencies, but they would prefer closer ties with the exchange-rate mechanism to include a narrow range of fluctuation with each Community currency.

Such an arrangement would ensure currency intervention commitments by central banks in each EC country, as well as parallel responsibilities for the Scandinavian nations' central banks.

"We now have unilateral coupling, which allows the Swedish krona to fluctuate plus or minus 1.5 percent against the Ecu," said a Swedish official. "But within the Ecu basket, there are fluctuations between the various currencies, so that means much larger possi-

ble fluctuations between the krona and individual currencies, of 3.5 percent or 4 percent or even more."

Most EC currencies are tied within the narrow, 2.25 percent band of the exchange-rate mechanism, although the British pound, Spanish peseta and Portuguese escudo are in the wider, 6 percent band. The Greek drachma is not included in the system.

The Swedish official said recent pressure on the Finnish markka had widely varying effects on the Swedish currency, which might have been prevented through closer ties with the EC system.

Norway made an informal bid for associate membership with the EC monetary system in 1990 and was rebuffed, but officials say it would be more difficult to reject Sweden's request because it has already applied to join the Community.

A resolution adopted by EC leaders in creating the monetary system in 1979 says that European countries with "particularly close economic and financial ties with the EC may participate" in the exchange-rate mechanism, and Sweden argues that it fits that description.

"We are more communitarian than some members of the Community," Prime Minister Carl Bildt of Sweden said at a recent Brussels news conference. "And I won't take any follow-up questions on that point," he added with a smile before journalists could ask which EC countries he had in mind.

Sweden Victorious In Procordia Battle

Compiled by Our Staff From Dispatches

STOCKHOLM — The Swedish government prevailed Monday in its battle with Volvo AB over the automaker's plan to merge with Procordia AB, the food and pharmaceutical conglomerate.

Under an agreement announced by Volvo, the automaker would raise its 42.7 percent voting stake in Procordia to 45 percent, while the government's voting share would fall to 40.4 percent from 42.7 percent. Volvo said the state planned to divest itself of its entire stake.

The accord includes a mechanism to prevent a takeover of Procordia, although this might require Volvo to buy the entire company. Otherwise, there is no intention to revise the original merger plans, Volvo said.

In January, the two companies announced a plan to merge through a stock swap and warned Procordia would be vulnerable to a foreign takeover if the merger fell through.

Volvo and Procordia began their link in 1990. At the time, the automaker held its food and drug interests in Procordia in exchange for the stake it now holds.

Since then, however, a neo-socialist government has come to power

and has said it would sell its Procordia stake. The government rejected the January merger plan, saying it did not make industrial sense and would cost taxpayers money.

Observers said the merger was part of a plan for Volvo to boost its size or even merge with Renault, the French state-controlled carmaker with which Volvo has cross-shareholdings. Analysts said a Renault-Volvo merger would depend on Volvo's unrestricted access to Procordia's cash-flow.

The government now plans to sell its entire Procordia holding to "buyers of all categories" in Sweden and overseas, Volvo said. The automaker also must protect Procordia against a takeover. If a buyer purchases more than 5 percent of Procordia's shares, Volvo will have the right of first refusal before the sale can be made. If Volvo then acquires more than 20 percent, it must offer to buy all the outstanding shares. (Bloomberg Reuters)

Exchange	Index	Monday Close	Prev. Close	% Change
Frankfurt DAX	2700	2700	2700	0.00
London FTSE 100 Index	2500	2500	2500	0.00
Paris CAC 40	2100	2100	2100	0.00
Amsterdam CBS Trend	129.90	129.90	128.80	+0.85
Brussels Stock Index	5,736.84	5,791.34	5,791.34	-0.89
Frankfurt DAX	1,728.29	1,734.03	1,734.03	-0.33
Frankfurt FAZ	699.29	700.99	700.99	-0.24
Helsinki HEX	835.77	830.57	830.57	+0.63
London Financial Times 30	N.A.	2,081.70	-	-
London FTSE 100	N.A.	2,650.80	-	-
Madrid General Index	249.05	248.73	248.73	+0.13
Milan MIB	976.00	991.00	991.00	-1.51
Paris CAC 40	2,041.82	2,031.14	2,031.14	+6.52
Stockholm Aftersvanden	1,059.87	1,052.91	1,052.91	+0.66
Vienna Stock Index	441.95	448.31	448.31	-0.89
Zurich SSS	663.50	658.10	658.10	+0.82

Very briefly:

- Midland Bank PLC's chairman Sir Peter Walters told shareholders in a letter assessing a £3.3 billion (\$5.9 billion) offer from HSBC Holdings PLC and a possible £3.7 billion bid from Lloyds Bank PLC that the board would recommend accepting the HSBC bid; shareholders meet Tuesday.
- Prime Minister Pierre Berégovoy called on the French to spread the word that their economy had a strong future thanks to monetary stability, improving employment conditions and his "quiet reform."
- MMB SA posted a 1991 net loss of 448.2 million French francs (\$81 million) because of a 1.93 billion franc loss at its Hachette SA unit.
- Ace-U/JM SA, the Belgian metals company, could return to profit this year if the unexpected rise in zinc prices is sustained, analysts said.
- Nokia Telecommunications Ltd., a unit of Nokia Corp., said it had won a deal to develop and install a mobile radio system for Hydro Electric, a Scottish energy company, that is worth tens of millions of markkaa.
- Tampella Ltd. of Finland said L&C Steinmüller GmbH, a unit of Philipp Holzmann AG of Germany, would take a 40 percent stake in Tampella Power through a share issue; no terms were announced.
- The EC Commission has exempted exclusive supply contracts between small breweries and pubs, restaurants and other outlets from the European Community's fair-trade rules.
- Union des Assurances de Paris said it had on plans to launch a bid for Skandia AB; a Norwegian newspaper had reported that UAP and Compagnie Financière de Paris SA might launch an unfriendly bid for Skandia.
- Pininfarina SA, the retail group, said its 1991 consolidated net profit fell 52 percent, to 503 million French francs (\$90 million), because of a sharp drop in exceptional gains; sales rose 11 percent.

KUWAIT: Spending Spree Prompts Fears of Debt

(Continued from first finance page)

program covering \$20 billion in aid loans owed by its citizens and businesses.

This month the government wrote off telephone, water and electricity bills that were past due to state-owned utilities over the last year and a half.

And with the country's population nearly halved by the exodus brought on by the Iraqi invasion, the government is proposing to buy hundreds of empty apartment buildings from Kuwaiti landlords, adding several hundred million dollars more to its obligations. In addition, significant increases in government salaries have been granted.

The total cost of rehabilitating Kuwait's oil industry is put at \$6 billion to \$10 billion, none of which is covered by insurance.

This year, for the first time in

decades, the government approved a deficit in the federal budget, a shortfall of \$18 billion in a spending plan of \$21 billion.

"Do we have the money?" said Abdullah al-Nibari, an economist who is a former member of Parliament and a leading figure in the Democratic Forum, an opposition group. "This is a big question."

But if we have it, why squander it by spending too much for many Kuwaitis who are rich enough and perfectly capable of repaying their obligations? Mr. Nibari said.

Other prominent Kuwaitis argue that the habit of throwing money at every problem is turning Kuwait into a nation of dependent and idle consumers who increasingly expect government largess as their due.

"The government has no vision of the future," said Soleiman Mizatava, a former planning minister and

member of the Civil Service Council, an advisory body. "The legacy of such a policy is that the average Kuwaiti citizen is learning to expect rewards every time we have a national calamity like the collapse of the stock market a few years ago and the invasion in 1990."

"What we should do instead is ask people to sacrifice and participate in rebuilding the nation."

The spending spree is made more controversial by the secretive way the government manages its reserves.

The assets are kept under a portfolio called the Fund for Future Generations, which was set up more than two decades ago and fed by surpluses from Kuwait's prodigious oil income.

That money sustained hundreds of thousands of Kuwaitis abroad during the seven-month Iraqi occupation, beginning in August 1990.

European Airlines Plead For Exemption From VAT

BRUSSELS — European airlines pleaded on Monday to be exempted from European Community plans to impose value-added tax on transport services from 1993, saying fares would go up if their request was not granted.

"The consequence," said Giovanni Bisignani, president of the Association of European Airlines, "is that air fares will be considerably increased."

"Under those circumstances, we have no other choice in air transport but to ask for an exemption or a zero VAT rate," he said in a statement released after a meeting of European airline presidents.

Under EC plans, which have not yet been approved by EC governments, VAT would be levied on all

transport services under the single-market regime starting next year.

The association said that if its 22 members had to pay VAT, administrative costs also would spiral.

It also argued against EC Commission plans to introduce an environmental tax on energy to discourage emissions of carbon dioxide.

Airbus Moves on A-319

Deutsche Aerospace and Aerospaceplane have agreed on major details for plans to sell an Airbus A-319 plane, Bloomberg Business News reported from Paris.

The German and French partners of the Airbus consortium are likely to finalize details this week to allow airlines to make firm orders, an Airbus spokeswoman said.

ADVERTISMENT		MAY 4, 1992	
<p>INTERNATIONAL FUNDS</p> <p>Conditions applied by funds listed. Net asset values are quoted as of 4/30/92. All values are in U.S. dollars. * = weekly; ** = monthly; *** = quarterly; **** = twice weekly; ***** = group</p>			
<p>ABC INVESTMENT & SERVICES CO. (E.C.)</p> <p>ABC Action Fund Ltd. 12.24</p> <p>ABC Bond Fund Ltd. 12.24</p> <p>ABC Growth Fund Ltd. 12.24</p> <p>ABC Income Fund Ltd. 12.24</p> <p>ABC International Fund Ltd. 12.24</p> <p>ABC Money Fund Ltd. 12.24</p> <p>ABC Real Estate Fund Ltd. 12.24</p> <p>ABC Short-Term Fund Ltd. 12.24</p> <p>ABC Stock Fund Ltd. 12.24</p> <p>ABC Ultra Short-Term Fund Ltd. 12.24</p> <p>ABC World Fund Ltd. 12.24</p>	<p>ABC INVESTMENT & SERVICES CO. (E.C.)</p> <p>ABC Action Fund Ltd. 12.24</p> <p>ABC Bond Fund Ltd. 12.24</p> <p>ABC Growth Fund Ltd. 12.24</p> <p>ABC Income Fund Ltd. 12.24</p> <p>ABC International Fund Ltd. 12.24</p> <p>ABC Money Fund Ltd. 12.24</p> <p>ABC Real Estate Fund Ltd. 12.24</p> <p>ABC Short-Term Fund Ltd. 12.24</p> <p>ABC Stock Fund Ltd. 12.24</p> <p>ABC Ultra Short-Term Fund Ltd. 12.24</p> <p>ABC World Fund Ltd. 12.24</p>	<p>ABC INVESTMENT & SERVICES CO. (E.C.)</p> <p>ABC Action Fund Ltd. 12.24</p> <p>ABC Bond Fund Ltd. 12.24</p> <p>ABC Growth Fund Ltd. 12.24</p> <p>ABC Income Fund Ltd. 12.24</p> <p>ABC International Fund Ltd. 12.24</p> <p>ABC Money Fund Ltd. 12.24</p> <p>ABC Real Estate Fund Ltd. 12.24</p> <p>ABC Short-Term Fund Ltd. 12.24</p> <p>ABC Stock Fund Ltd. 12.24</p> <p>ABC Ultra Short-Term Fund Ltd. 12.24</p> <p>ABC World Fund Ltd. 12.24</p>	<p>ABC INVESTMENT & SERVICES CO. (E.C.)</p> <p>ABC Action Fund Ltd. 12.24</p> <p>ABC Bond Fund Ltd. 12.24</p> <p>ABC Growth Fund Ltd. 12.24</p> <p>ABC Income Fund Ltd. 12.24</p> <p>ABC International Fund Ltd. 12.24</p> <p>ABC Money Fund Ltd. 12.24</p> <p>ABC Real Estate Fund Ltd. 12.24</p> <p>ABC Short-Term Fund Ltd. 12.24</p> <p>ABC Stock Fund Ltd. 12.24</p> <p>ABC Ultra Short-Term Fund Ltd. 12.24</p> <p>ABC World Fund Ltd. 12.24</p>

NASDAQ

Monday's Prices
NASDAQ closes as of 4 p.m. New York time.
The index compiled by the AP, consists of the 1,000 most liquid securities in terms of dollar value. It is updated twice a year.

DR. VIX UP 1.16 High Low 17.14 17.00

Symbol	Price	Change
AA	17.14	+1.16
AB	17.00	-0.05
AC	16.85	-0.10
AD	16.70	-0.15
AE	16.55	-0.20
AF	16.40	-0.25
AG	16.25	-0.30
AH	16.10	-0.35
AI	15.95	-0.40
AJ	15.80	-0.45
AK	15.65	-0.50
AL	15.50	-0.55
AM	15.35	-0.60
AN	15.20	-0.65
AO	15.05	-0.70
AP	14.90	-0.75
AQ	14.75	-0.80
AR	14.60	-0.85
AS	14.45	-0.90
AT	14.30	-0.95
AV	14.15	-1.00
AW	14.00	-1.05
AX	13.85	-1.10
AY	13.70	-1.15
AZ	13.55	-1.20
BA	13.40	-1.25
BB	13.25	-1.30
BC	13.10	-1.35
BD	12.95	-1.40
BE	12.80	-1.45
BF	12.65	-1.50
BG	12.50	-1.55
BH	12.35	-1.60
BI	12.20	-1.65
BJ	12.05	-1.70
BK	11.90	-1.75
BL	11.75	-1.80
BM	11.60	-1.85
BN	11.45	-1.90
BO	11.30	-1.95
BP	11.15	-2.00
BQ	11.00	-2.05
BR	10.85	-2.10
BS	10.70	-2.15
BT	10.55	-2.20
BV	10.40	-2.25
BW	10.25	-2.30
BX	10.10	-2.35
BY	9.95	-2.40
BZ	9.80	-2.45
CA	9.65	-2.50
CB	9.50	-2.55
CC	9.35	-2.60
CD	9.20	-2.65
CE	9.05	-2.70
CF	8.90	-2.75
CG	8.75	-2.80
CH	8.60	-2.85
CI	8.45	-2.90
CJ	8.30	-2.95
CK	8.15	-3.00
CL	8.00	-3.05
CM	7.85	-3.10
CN	7.70	-3.15
CO	7.55	-3.20
CP	7.40	-3.25
CQ	7.25	-3.30
CR	7.10	-3.35
CS	6.95	-3.40
CT	6.80	-3.45
CV	6.65	-3.50
CW	6.50	-3.55
CX	6.35	-3.60
CY	6.20	-3.65
CZ	6.05	-3.70
DA	5.90	-3.75
DB	5.75	-3.80
DC	5.60	-3.85
DD	5.45	-3.90
DE	5.30	-3.95
DF	5.15	-4.00
DG	5.00	-4.05
DH	4.85	-4.10
DI	4.70	-4.15
DJ	4.55	-4.20
DK	4.40	-4.25
DL	4.25	-4.30
DM	4.10	-4.35
DN	3.95	-4.40
DO	3.80	-4.45
DP	3.65	-4.50
DQ	3.50	-4.55
DR	3.35	-4.60
DS	3.20	-4.65
DT	3.05	-4.70
DV	2.90	-4.75
DW	2.75	-4.80
DX	2.60	-4.85
DY	2.45	-4.90
DZ	2.30	-4.95
EA	2.15	-5.00
EB	2.00	-5.05
EC	1.85	-5.10
ED	1.70	-5.15
EE	1.55	-5.20
EF	1.40	-5.25
EG	1.25	-5.30
EH	1.10	-5.35
EI	0.95	-5.40
EJ	0.80	-5.45
EK	0.65	-5.50
EL	0.50	-5.55
EM	0.35	-5.60
EN	0.20	-5.65
EO	0.05	-5.70
EP	0.00	-5.75
EQ	0.00	-5.80
ER	0.00	-5.85
ES	0.00	-5.90
ET	0.00	-5.95
EV	0.00	-6.00
EW	0.00	-6.05
EX	0.00	-6.10
EY	0.00	-6.15
EZ	0.00	-6.20
FA	0.00	-6.25
FB	0.00	-6.30
FC	0.00	-6.35
FD	0.00	-6.40
FE	0.00	-6.45
FF	0.00	-6.50
FG	0.00	-6.55
FH	0.00	-6.60
FI	0.00	-6.65
FJ	0.00	-6.70
FK	0.00	-6.75
FL	0.00	-6.80
FM	0.00	-6.85
FN	0.00	-6.90
FO	0.00	-6.95
FP	0.00	-7.00
FQ	0.00	-7.05
FR	0.00	-7.10
FS	0.00	-7.15
FT	0.00	-7.20
FV	0.00	-7.25
FW	0.00	-7.30
FX	0.00	-7.35
FY	0.00	-7.40
FZ	0.00	-7.45
GA	0.00	-7.50
GB	0.00	-7.55
GC	0.00	-7.60
GD	0.00	-7.65
GE	0.00	-7.70
GF	0.00	-7.75
GG	0.00	-7.80
GH	0.00	-7.85
GI	0.00	-7.90
GJ	0.00	-7.95
GK	0.00	-8.00
GL	0.00	-8.05
GM	0.00	-8.10
GN	0.00	-8.15
GO	0.00	-8.20
GP	0.00	-8.25
GQ	0.00	-8.30
GR	0.00	-8.35
GS	0.00	-8.40
GT	0.00	-8.45
GV	0.00	-8.50
GW	0.00	-8.55
GX	0.00	-8.60
GY	0.00	-8.65
GZ	0.00	-8.70
HA	0.00	-8.75
HB	0.00	-8.80
HC	0.00	-8.85
HD	0.00	-8.90
HE	0.00	-8.95
HF	0.00	-9.00
HG	0.00	-9.05
HH	0.00	-9.10
HI	0.00	-9.15
HJ	0.00	-9.20
HK	0.00	-9.25
HL	0.00	-9.30
HM	0.00	-9.35
HN	0.00	-9.40
HO	0.00	-9.45
HP	0.00	-9.50
HQ	0.00	-9.55
HR	0.00	-9.60
HS	0.00	-9.65
HT	0.00	-9.70
HV	0.00	-9.75
HW	0.00	-9.80
HX	0.00	-9.85
HY	0.00	-9.90
HZ	0.00	-9.95
IA	0.00	-10.00
IB	0.00	-10.05
IC	0.00	-10.10
ID	0.00	-10.15
IE	0.00	-10.20
IF	0.00	-10.25
IG	0.00	-10.30
IH	0.00	-10.35
II	0.00	-10.40
IJ	0.00	-10.45
IK	0.00	-10.50
IL	0.00	-10.55
IM	0.00	-10.60
IN	0.00	-10.65
IO	0.00	-10.70
IP	0.00	-10.75
IQ	0.00	-10.80
IR	0.00	-10.85
IS	0.00	-10.90
IT	0.00	-10.95
IV	0.00	-11.00
IW	0.00	-11.05
IX	0.00	-11.10
IY	0.00	-11.15
IZ	0.00	-11.20
JA	0.00	-11.25
JB	0.00	-11.30
JC	0.00	-11.35
JD	0.00	-11.40
JE	0.00	-11.45
JF	0.00	-11.50
JG	0.00	-11.55
JH	0.00	-11.60
JI	0.00	-11.65
JJ	0.00	-11.70
JK	0.00	-11.75
JL	0.00	-11.80
JM	0.00	-11.85
JN	0.00	-11.90
JO	0.00	-11.95
JP	0.00	-12.00
JQ	0.00	-12.05
JR	0.00	-12.10
JS	0.00	-12.15
JT	0.00	-12.20
JV	0.00	-12.25
JW	0.00	-12.30
JX	0.00	-12.35
JY	0.00	-12.40
JZ	0.00	-12.45
KA	0.00	-12.50
KB	0.00	-12.55
KC	0.00	-12.60
KD	0.00	-12.65
KE	0.00	-12.70
KF	0.00	-12.75
KG	0.00	-12.80
KH	0.00	-12.85
KI	0.00	-12.90
KJ	0.00	-12.95
KK	0.00	-13.00
KL	0.00	-13.05
KM	0.00	-13.10
KN	0.00	-13.15
KO	0.00	-13.20
KP	0.00	-13.25
KQ	0.00	-13.30
KR	0.00	-13.35
KS	0.00	-13.40
KT	0.00	-13.45
KV	0.00	-13.50
KW	0.00	-13.55
KX	0.00	-13.60
KY	0.00	-13.65
KZ	0.00	-13.70
LA	0.00	-13.75
LB	0.00	-13.80
LC	0.00	-13.85
LD	0.00	-13.90
LE	0.00	-13.95
LF	0.00	-14.00
LG	0.00	-14.05
LH	0.00	-14.10
LI	0.00	-14.15
LJ	0.00	-14.20
LK	0.00	-14.25
LL	0.00	-14.30
LM	0.00	-14.35
LN	0.00	-14.40
LO	0.00	-14.45
LP	0.00	-14.50
LQ	0.00	-14.55
LR	0.00	-14.60
LS	0.00	-14.65
LT	0.00	-14.70
LV	0.00	-14.75
LW	0.00	-14.80
LX	0.00	-14.85
LY	0.00	-14.90
LZ	0.00	-14.95
MA	0.00	-15.00
MB	0.00	-15.05
MC	0.00	-15.10
MD	0.00	-15.15
ME	0.00	-15.20
MF	0.00	-15.25
MG	0.00	-15.30
MH	0.00	-15.35
MI	0.00	-15.40
MJ	0.00	-15.45
MK	0.00	-15.50
ML	0.00	-15.55
MM	0.00	-15.60
MN	0.00	-15.65
MO	0.00	-15.70
MP	0.00	-15.75
MQ	0.00	-15.80
MR	0.00	-15.85
MS	0.00	-15.90
MT	0.00	-15.95
MV	0.00	-16.00
MW	0.00	-16.05
MX	0.00	-16.10
MY	0.00	-16.15
MZ	0.00	-16.20
NA	0.00	-16.25
NB	0.00	-16.30
NC	0.00	-16.35
ND	0.00	-16.40
NE	0.00	-16.45
NF	0.00	-16.50
NG	0.00	-16.55
NH	0.00	-16.60
NI	0.00	-16.65
NJ	0.00	-16.70
NK	0.00	-16.75
NL	0.00	-16.80
NM	0.00	-16.85
NN	0.00	-16.90
NO	0.00	-16.95
NP	0.00	-17.00
NQ	0.00	-17.05
NR	0.00	-17.10
NS	0.00	-17.15
NT	0.00	-17.20
NV	0.00	-17.25
NW	0.00	-17.30
NX	0.00	-17.35
NY	0.00	-17.40
NZ	0.00	-17.45
OA	0.00	-17.50
OB	0.00	-17.55
OC	0.00	-17.60
OD	0.00	-17.65
OE	0.00	-17.70
OF	0.00	-17.75
OG	0.00	-17.80
OH	0.00	-17.85
OI	0.00	-17.90
OJ	0.00	-17.95
OK	0.00	-18.00
OL	0.00	-18.05
OM	0.00	-18.10
ON	0.00	-18.15
OO	0.00	-18.20
OP	0.00	-18.25
OQ	0.00	-18.30
OR	0.00	-18.35
OS	0.00	-18.40
OT	0.00	-18.45
OV	0.00	-18.50
OW	0.00	-18.55
OX	0.00	-18.60
OY	0.00	-18.65
OZ	0.00	-18.70
PA	0.00	-18.75
PB	0.00	-18.80
PC	0.00	-18.85
PD	0.00	-18.90
PE	0.00	-18.95
PF	0.00	-19.00
PG	0.00	-19.05
PH	0.00	-19.10
PI	0.00	-19.15
PJ	0.00	-19.20
PK	0.00	-19.25
PL	0.00	-19.30
PM	0.00	-19.35
PN	0.00	-19.40
PO	0.00	-19.45
PP	0.00	-19.50
PQ	0.00	-19.55
PR	0.00	-19.60
PS	0.00	-19.65
PT	0.00	-19.70
PV	0.00	-19.75
PW	0.00	-19.80
PX	0.00	-19.85
PY	0.00	-19.90
PZ	0.00	-19.95
QA	0.00	-20.00
QB	0.00	-20.05
QC	0.00	-20.10
QD	0.00	-20.15
QE	0.00	-20.20
QF	0.00	-20.25
QG		

Embargo Bars Vietnam Loans

HONG KONG — A Vietnamese central bank official expressed displeasure Monday with the U.S. trade embargo against his country, which he said was preventing the disbursement of \$300 million in needed loans from the Asian Development Bank.

"The embargo has been more than 10 years now, and we need to develop our country," said Nguyen Cong Hai, director of the foreign department of the central State Bank of Vietnam.

The ADB, which suspended loans to Vietnam after it invaded Cambodia in late 1978, has four proposals on the table for badly needed infrastructure projects totaling nearly \$300 million.

But the credit line remains blocked by Washington's trade embargo against its former enemy. Although the United States has eased some prohibitions against Vietnam in recent weeks, it has said relations would not be normalized until the 236,666 soldiers it lists as missing in Indochina since the Vietnam War are accounted for.

The United States has a 16.3 percent shareholding in the ADB, tying it with Japan for the most influence among the 52 members.

The ADB is holding its 25th annual meeting in Hong Kong. Cao Sy Kiem, governor of the State Bank of Vietnam, met ADB President Kimimasa Tsurumizu on Sunday to discuss priority sectors for loans to Vietnam, according to Mr. Hai.

Mr. Hai said, "We have cooperated with the ADB to prepare some projects for ADB lending." He added that priority areas were infrastructure, transportation, agriculture and education.

The projects earmarked for interest-free loans through the bank's Asian Development Fund include a \$100 million irrigation project in the Red River Delta and \$45 million to upgrade Saigon Port in Ho Chi Minh City.

Also proposed is an \$80 million project to improve the road between Ho Chi Minh City and Nha Trang, and \$68 million to upgrade water supplies in Ho Chi Minh City.

Mr. Hai also said Washington was pressuring foreign banks that do business with Vietnam. He said it views dollar transactions as a violation of Washington's trade embargo. The American Treasury has been warning foreign banks operating in the United States against such transactions since last year.

Taiwan's Surplus Soars As China Trade Expands

TAIPEI — Taiwan's trade surplus, buoyed by strong exports to China, soared 427 percent from a year earlier to \$1.46 billion in April, the Finance Ministry said Monday.

Exports hit a monthly record of \$7.25 billion in April, up from \$6.94 billion in March and \$5.63 billion in April 1991, the ministry said. For the first four months of the year, the surplus more than doubled to \$4.03 billion, from the year-earlier period.

Trade officials and economists attributed the surge in exports mainly to rapid growth in shipments to Hong Kong, the main conduit for Taiwan's booming trade with China.

"Shipments to Hong Kong and the Chinese mainland, particularly in areas such as chemicals and industrial parts, are showing great strength," said a senior ministry official. Taiwan's surplus with Hong Kong was \$1.45 billion in April, up 83 percent from a year earlier.

Economists said the rise in the surplus eased fears that the global economic slowdown and a recent appreciation of the Taiwan dollar would curb Taiwan's export boom.

Stocks Jump To Record in Hong Kong

HONG KONG — Share prices soared Monday to a record high for the second consecutive session, bolstered by a cut in interest rates.

The Hang Seng Index rose 129.57 points, to close at 5,613.78. Volume totaled 4.84 billion Hong Kong dollars (\$620 million), up from 3.56 billion dollars on Friday.

Brokers attributed the gains to a one-half percentage point cut in the prime lending rate, to 8 percent, that was effective Monday. They said investors also were reacting favorably to comments on Friday by Chen Yu, a conservative economist, that economic reforms in China would continue.

Added to this was exceptionally strong demand for shares in the Cheung Kong group following the announcement on Friday that it was setting up a joint-venture investment company in China.

Cheung Kong (Holdings) Ltd., which is the main investment vehicle of Hong Kong's leading investor, Li Ka-shing, rose 1.20 dollars, to 24.60 dollars, on 17.4 million shares traded.

Institutional buying was heavy, traders said. "European fund managers bought heavily in the afternoon, and that covered all local profit-taking that emerged," said a broker at a Southeast Asian securities company.

The Hang Seng Index has climbed 18.6 percent since April 9 and 30.6 percent since the beginning of the year. Moves by the leadership to open China's economy further to market forces and to foreign investors have bolstered confidence about the prospects for Hong Kong companies.

Investor's Asia			
Index	Monday Close	Prev. Close	% Change
Hong Kong Hang Seng	5,613.78	5,484.21	+2.33%
Singapore Straits Times	1,488.97	1,465.98	+1.57%
Tokyo Nikkei 225	17,303.59	17,188.50	+0.67%
Kuala Lumpur Composite	597.47	591.88	+0.94%
Bangkok SET	789.98	780.97	+1.15%
Seoul Composite Stock	620.33	614.90	+0.88%
Taipei Weighted Price	4,539.67	4,502.83	+0.82%
Manila Composite	1,245.63	1,238.02	+0.61%
Jakarta Stock Index	280.04	277.91	+0.75%
New Zealand NZSE-40	1,487.55	1,490.90	-0.22%
Bombay National Index	1,705.29	1,705.29	0.00%

Tug-of-War for Central Asia

HONG KONG — East or West? The question is where the former Soviet republics of Central Asia fit and the answer will have a crucial impact on economic development in the region after seven decades of central planning dominated by Moscow.

The six republics, with a combined population of 50 million, are attracted by European aid being offered to the former Soviet Union but are at the same time impressed by rapid economic growth in many Asian countries. The republics also are being tempted by Turkey and Iran, which are jostling for influence over the mainly Muslim region.

Managers of the Asian Development Bank are meeting with financial officials from Azerbaijan, Kazakhstan, Kyrgyzstan, Turkmenistan and Uzbekistan during the three-day meeting to discuss their needs. Political unrest has prevented Tajikistan from accepting the ADB's invitation to attend as an observer.

The six republics qualify for membership of the European Bank for Reconstruction and Development, a multilateral agency formed in London last year to coordinate aid to Eastern Europe and the former Soviet Union. But Russia is so far the only republic to commit itself to joining the bank.

The republics face major problems. Little is known about their economies and many of the observers attending the three-day ADB conference speak no English, the language of international banking.

Miklos Nemeth, the EBRD vice president who toured the Central Asian region in February, said the other republics had until August to make a commitment. The former Hungarian minister said Azerbaijan was the only Central Asian republic to indicate its interest in joining both the EBRD and the ADB.

Mr. Nemeth did not rule out membership in both institutions. "Parallel financing means that taxpayers' money in France and the United States, for example, would go toward two institutions simultaneously," he said.

The ADB treasurer, Tomoo Hayakawa, said the six republics expressed interest in joining the Asian bank following lobbying efforts by Dang Fook Lee, secretary to the ADB board, at last month's EBRD meeting in Budapest.

"We would certainly like to lend to them," said Malcolm Dowling, an ADB economist. "They're in our region, they're adjacent to other of our developing members such as Afghanistan and Pakistan."

China Plans Law Granting Autonomy to State Firms

HONG KONG — China's central government will announce a law aimed at making all state-run enterprises autonomous and market-driven by the year 2000, a Beijing-controlled newspaper said Monday.

Ta Kung Pao, a Hong Kong-based daily, said the law would change the management system of state-owned companies in China to make them responsible for their profits and losses.

The government is determined to separate politics from commerce as well as ownership from management in order to create fair competition among enterprises, it said.

The newspaper said some inefficient state-run companies would be transformed through mergers, acquisitions, auctions and even bankruptcies.

Large and medium-sized companies will be granted autonomy to deal with foreign trade partners, the daily said.

Authorities will also speed up the shareholding system nationwide.

Ex-Soviet Entrepreneurs Get Tips From Chinese

BEIJING — China is providing business training for entrepreneurs from the Commonwealth of Independent States, the Xinhua news agency said Monday.

Twenty-five businessmen recently began an eight-day course at Harbin, in Heilongjiang province, that includes lectures on the Chinese economy and reforms.

Very briefly:

- Lion Nathan Ltd. of New Zealand agreed to take full control of National Brewing Holdings, formerly Bond Brewing. Lion will pay Australian Consolidated Investments Ltd. 475 million Australian dollars (\$399 million) in securities plus half of National Brewings' earnings this year.
- Email Ltd., a maker of electrical consumer goods, said it had agreed to set up a joint venture with Westinghouse Electric Corp. to make and market circuit breakers in Southeast Asia.
- North Korea estimates it must spend \$4.2 billion to improve infrastructure for a planned special economic zone in its far north, Japanese newspapers said, quoting government officials.
- Public Bank Ltd. of Malaysia will open a joint venture bank in Phnom Penh later this month, a bank official said. Public Bank will hold 90 percent of the equity, with the rest held by National Bank of Cambodia.
- Japan's Ministry of International Trade and Industry and Sanri Akiha are to begin developing satellite-related technology to locate oil and other natural resources, a newspaper said, quoting a ministry official.

Seoul Permits Broader Foreign Investment

SEOUL — South Korean economic ministers have approved foreign investment in eight additional business fields, beginning in the second half of this year, a Finance Ministry official said Monday.

The new areas include agencies representing overseas businesses, aviation transport-equipment rental, alcoholic-beverage wholesaling and harbor operation. Data-communications networks and pesticides wholesaling will be partially open beginning in the second half and fully open by 1994.

The official said the move was aimed at attracting more foreign investment, especially in high-technology industry, and at deflecting criticism by trading partners that South Korean markets are closed.

Some fields banned to foreigners, including cosmetics wholesaling, wireless telegraph and telephones, vocational-training institutions, book publishing and offset printing, will be partially opened.

Foreigners will be allowed to set up wholly owned companies for construction-related business from 1994 to 1996.

But electric power generation, hospitals and publication of professional periodicals will remain off-limits to foreign participation.

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CHAOS: Predicting the Unpredictable in Markets

(Continued from first finance page)

...ive decay or the behavior of electrons in a wire.

...Predicting the way the market will move is much more difficult than forecasting the weather, according to Mr. Farmer.

...But there is a crucial difference, he added. People expect a high degree of accuracy from weather forecasters, whereas the only thing Prediction Co. has to worry about in the markets is being right more often than wrong.

...The problem is harder, but the standards are lower," Mr. Farmer explained. "In financial markets, the benchmark is very close to being no predictions at all. Therefore, if we can stay ahead of the average, we will be doing very well."

...Mr. Farmer and a co-founder of Prediction Co., Norman Packard, became fascinated with chaos theory and predictability when both were pursuing doctorates at the University of California at Santa Cruz in the 1970s.

...The two scientists formed the Dynamical Systems Collective with some associates and set out to prove that they could predict the

...fall of a roulette ball with enough accuracy to make a profit.

...Since a roulette wheel is a mechanical system, it obeys Newton's laws," Mr. Farmer explained. "And since you can bet right until the minute the ball falls off the track there is a period of time between when the croupier spins the wheel and when the bets are closed in which you can measure initial conditions such as the speed of the ball and its position."

...We made a model for the equations of motion for a ball rolling on a circular track with friction and we used that model to predict where the ball was going to go.

...We couldn't say which number, but we could say roughly which segment of the wheel the ball would fall into, and this gave us an advantage over the house."

...Did the collective make money? "Yes we did," Mr. Farmer replied. "We did not become extremely rich, because we had what in market lingo would be called liquidity problems; namely if you start doing well you get thrown out of the casino."

...There was also the problem of building a concealable computer — including toe switches, signal out-

...puters and radio transmitters — taking it into a casino and simply using it. This was, as we say in physics, nontrivial."

...Of course, that was back when portable computers were the size of suitcases and required heavy battery backs.

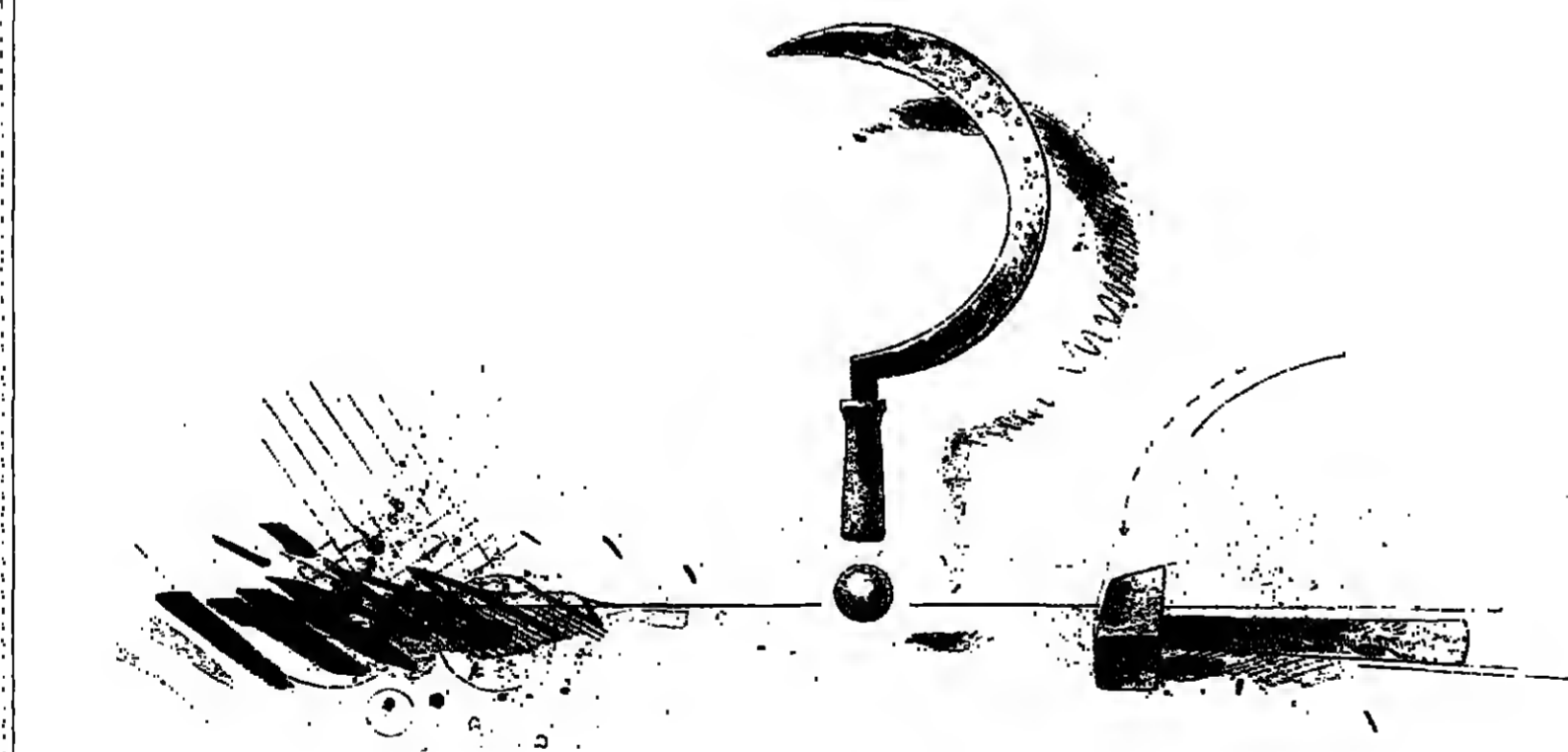
...The roulette experience convinced the team that a set of events that seems completely random when viewed in a certain way might not be totally random when viewed from another aspect with extra information thrown in.

...Mr. Farmer said existing computer trading systems assume that markets are unambiguously random. They seek not so much to predict events as to get the price right by following linear indices.

...What Prediction Co. is doing is "mathematically more sophisticated and rigorous," he said.

...Now that they are on the verge of entering the market in a significant way, Mr. Farmer declined to reveal what margin of correct prediction the company expected to make over incorrect ones, nor how far ahead it would attempt to predict other than to say "we are pursuing shorter-term horizons than quarterly."

Doing business in Eastern Europe might raise some questions.



If that's the question we might have the right answers.

As Eastern Europe changes rapidly, there are undoubtedly new business opportunities to be exploited. But the question which arises, is whether prudence might be more appropriate than enterprise.

For a satisfactory answer you need a reliable business partner who feels at home all over Europe, speaks its languages and knows its ways. A leading bank like ABN AMRO Bank which has blazed the trail, opening new branches in many East European countries and which has made a firm commitment to persevering through.

With this headstart, we can guide you through unfamiliar economies and jurisdictions, pointing out the pitfalls, setting you on a profitable course. The way we do it is plying you with critical questions. And as a reliable guide, we never pretend to have the answer when we don't.

In any event, you benefit from our solid financial foundation of US\$ 242.7 billion in assets and US\$ 9 billion in shareholders' equity, which makes us one of the world's top twenty banks.

But just as significant is the fact that you also benefit from a business partner who knows that the right questions are as important as the right answers.

CREATING THE STANDARD IN BANKING.

ABN-AMRO Bank

ACROSS

- 1 Wire nail
- 5 WNW opposite
- 8 Postpone action
- 12 Tops
- 14 High-flying org.?
- 16 "___ of star-cross'd lovers"; Shak.
- 17 Sail's corner
- 18 "The Good Earth" character
- 19 Court costumes
- 20 Quip; Part I
- 23 Orsk's river
- 24 Kind of road or bird
- 25 Item loan by Arthur Sullivan?
- 28 Douglas or noble
- 29 Designer Cassini
- 33 Contour controller
- 35 Actor Guinness
- 37 "___ Be Seeing You"
- 38 Quip; Part II
- 41 City south of Seoul
- 42 Forage fields
- 43 The Old's are not for them
- 44 "___ This a Lovely Day..."; Berlin
- 46 Fret
- 48 Oodles
- 49 Solo for Sutherland
- 51 Crosswordese case
- 53 End of the quip
- 60 Seabees' motto
- 61 Butterfingers' cry
- 62 Nutmeg's coat
- 63 Ward off
- 64 Absolute
- 66 Farm, tree branch

DOWN

- 10 Spongy cake
- 11 Prevaricates
- 12 Formerly, once
- 15 With wrath
- 21 Trying time
- 22 Seraglio
- 25 Twice CLJ
- 27 Garden tenders
- 28 Senator Hatch
- 29 Bogus
- 30 Liquid measure in London
- 31 Bender at the bar
- 32 Actress Sharon
- 34 Fits with
- 36 Misbehaves
- 38 Swimmer
- 40 Lone
- 46 Meretricious
- 47 "___ more, my lady"
- 50 Grubs
- 52 Pachyderm's pride
- 53 Swindler's ploy
- 54 Spore
- 55 Lulu
- 56 Wimbledon champ, 1956-57
- 57 Kind of code
- 58 "___ let's go the lawyers' Shik."
- 59 Part of a treat

Solution to Puzzle of May 4

SALE	PAIS	DROSS
EVIL	SHOT	EARTH
METE	LADE	ALLEY
TREMEMBER	REOS	
STRIVE	EST	
ORCA	THECAR	
HECK	ALTA	TALT
MOTHERS	DAY	TAYTO
TOTA	USER	ELSE
ADAPTS	ROMA	
ESS	INSECT	
SICAR	WHISTLERS	
GOOSE	AINIT	AREA
ALOIS	TRE	TITER
MEISTA	STEER	EELS

AMEX

Monday's Closing
Tables include the nationwide price up to the closing on Wall Street and do not reflect the trades elsewhere. Via The Associated Press

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Financial market data table with columns for High, Low, Stock, Div, Yld, PE, High, Low, P.A. Chg. It lists various international stocks and their performance metrics.

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Investment

Investment article discussing market trends and financial strategies.

Markets

Markets article discussing international market movements and economic indicators.

GAN IN 1991

FFr 2.3m net income 9% dividend increase

The Board of Directors met on 27th April 1992, with Mr François HEILBRONNER in the chair, to approve the 1991 accounts for submission to the Annual Meeting on 19 June.

Balance sheet total stands at FFr 625 billion

Table showing balance sheet data for 1988, 1989, 1990, and 1991. Columns include Total balance sheet, Group share of shareholders' funds, Income from operations, and Net profit.

All sectors of GAN's business increased substantially in 1991. Consolidated operating income, which covers the whole of the Group's activities - insurance, banking and financial - amounted to FFr 116 billion, an increase of 21%.

Shareholders' equity (after appropriations) rose 25% to FFr 217 billion, reflecting the Group's increasing financial strength.

Net income was FFr 2,321 million against FFr 2,357 million in 1990.

Strong growth in the insurance sector (+18.5%)

Table showing insurance sector performance for 1989, 1990, and 1991. Columns include Premium income, % rise, Technical reserves, % of premium income, Insurance activities contribution, and consolidated net income.

The favourable trend in premium income during 1991 (+18.5% on a comparable basis) was due to strong growth in all French insurance sectors: GAN Vie (+21.9%), GAN Incendie Accidents (+16.7%), GAN Capitalisation (+22.3%) SOCAP (+37.2%). The Group increased its market share in all insurance sectors.

The Group's Vie et Capitalisation division accounted for 60% of gross premium income. The increase in motor insurance (more than 100,000 policies) was accompanied by an improved portfolio structure: more than half the policyholders now attract a 50% no-claims bonus.

Net income of the French insurance companies declined on an annual basis. Unlike 1990, GANSA, the holding company for the insurance companies, did not realize any property capital gains.

Finally the Annual General Meeting will be asked to renew certain financial resolutions, and to empower the Board to implement a rights issue at an appropriate moment to enhance liquidity.

The Group therefore managed to improve its gross operating income for 1991 to FFr 5,162 million, an increase of 22.1%, +16.4% on a comparable basis.

The improvement in operating conditions allowed the CIC Group to announce net income of FFr 714 million, a level similar to last year's figure, but without realising a large amount of property capital gains as in 1990.

The Board of Directors intends to recommend payment of a net dividend per share of FFr 50.30, a rise of 9.3% plus a tax credit of FFr 25.15.

SAFRA REPUBLIC HOLDINGS S.A. LUXEMBOURG

NOTICE IS HEREBY GIVEN by the Board of Directors of the Company that the Annual General Meeting of Shareholders of SAFRA REPUBLIC HOLDINGS S.A. ("SRH") will be held at the Hôtel Royal, 12, Boulevard Royal, Luxembourg, on May 13, 1992 at 11.00 a.m.

for the purpose of considering and voting on the following matters:

- 1. Chairman's Statement.
2. Statutory Auditors' Report.
3. Approval of the parent company only unconsolidated financial statements for the year ended December 31, 1991.
4. Discharge of the Directors and of the Statutory Auditors concerning their duties relative to the year ended December 31, 1991.
5. Approval of the proposed appropriations of US\$ 3,300,000 to the legal reserve and of US\$ 1,377,922 to the reserve for treasury shares, distribution of a dividend of US\$ 2.00 per common share and the carrying forward of the balance of the profit.
6. Election of the Board of Directors and of the Statutory Auditors for a new one year term. All the Directors are eligible and stand for re-election.
7. Election of Ambassador Javier Perez de Cuellar as a new member of the Board of Directors.
8. Approval of the consolidated financial statements of the Company for the year ended December 31, 1991.
9. Approval of a proposal to increase the 1989 Stock Option and 1989 Stock Award Plans by 150,000 shares.
10. Miscellaneous and individual proposals.

NOTES: Any shareholder whose shares are in bearer form and who wishes to attend the Annual General Meeting must produce a depositary receipt or present his share certificates to gain admission.

A shareholder wishing to be represented at the meeting must lodge a proxy, duly completed, together with a depositary receipt at the registered offices of SRH at 32, Boulevard Royal, Luxembourg, not later than May 11, 1992 at 5 p.m. The shareholder may obtain the depositary receipt and if required, the form of proxy, from any of the banks listed below by lodging the share certificates at their offices or by arranging for the bank by whom his certificates are held to outify any of the banks listed that shares are so held.

Any shareholder whose shares are registered will receive a notice of the Annual General Meeting at his address on the register, together with a form of proxy for use at the meeting. The proxy should be lodged at SRH's offices in accordance with the above instructions.

The remittance of the form of proxy will not preclude shareholders from attending in person and voting at the meeting if they so desire.

All the resolutions covered by the Agenda may be passed by a simple majority of all shares represented at the meeting.

Shareholders may obtain copies of the documentation listed hereunder: 1. This notice 2. The 1991 Annual Report including the Chairman's Statement, the Statutory Auditors' Report, the consolidated and parent company only unconsolidated financial statements at the Company's registered office and from any of the banks at the following addresses:

- * Union Bank of Switzerland, Bahnhofstrasse 45, 8021 Zurich
* Unio de Banques Suisses (Luxembourg) S.A., 36-38 Grand-Rue, 2011 Luxembourg
* Republic National Bank of New York, 30 Monument Street, London EC3R 8NB
* Republic National Bank of New York (Switzerland) S.A., 2, place du Lac, 1204 Geneva
* Republic National Bank of New York (Switzerland) S.A., Via Canova 1, 6900 Lugano
* Republic National Bank of New York (Switzerland) S.A., Stockenstrasse 37, 8002 Zurich
* Republic National Bank of New York (Luxembourg) S.A., 32, Boulevard Royal, 2449 Luxembourg
* Republic National Bank of New York (France), 2, avenue Vendôme, 75001 Paris
* Republic National Bank of New York (France), 2, avenue Montaigne, 75008 Paris
* Republic National Bank of New York (Guernsey), Sporting d'Hiver, 2, avenue Princesse Alice, 98006 Monte Carlo
* Republic National Bank of New York (Guernsey) Ltd, Sarnia House, Le Truchot, St. Peter Port, Guernsey, Channel Islands
* Republic National Bank of New York (Gibraltar) Ltd, Neptune House, Marina Bay, Gibraltar

* Paying Agent of Safra Republic Holdings S.A.

Europe's largest banking and insurance Group



SPORTS

HOCKEY RACING

Regular-Season Games of NHL May Be Played in Europe Soon

The Associated Press
PRAGUE — The National Hockey League may stage its first regular-season games outside North America as early as next season, according to the league's president, John Ziegler.

"One of the ideas we're working on is to bring two teams to Sweden," Ziegler said Sunday.

"They could play Swedish clubs in exhibitions and then our teams could start the NHL regular season with four games against each other in Sweden," he said.

Several NHL teams, including the New York Rangers, Washington Capitals, Montreal Canadiens and Minnesota North Stars, have played pres-

season tournaments and exhibitions in Sweden. But there have been no regular-season games.

Part of the new bargaining agreement with NHL players calls for an 84-game season with 24 games scheduled outside NHL arenas.

Ziegler, who attended Sunday's Canada-Czechoslovakia game at the World Hockey Championships, said it has not been decided which NHL teams would play the first regular-season games overseas.

"But we could certainly like the NHL team with Swedish and Finnish players on their rosters for those games," Ziegler said.

He said that because of the new

agreement, settled only two weeks ago, that there had been no planning yet for the 1992-93 season.

Alan Eagleson, a Hockey Canada representative and former president of the NHL Players Association, said there are four excellent sites for NHL regular-season games in Sweden and Finland.

"We'd like to schedule the games in Stockholm and Göteborg, Helsinki and Tampere (Finland) are other alternatives," Eagleson said.

Stockholm, with the 14,000-seat Globe, Europe's top indoor arena, hosted the 1989 World Hockey Championships. The National Basketball Association is thinking of using the arena as a future site of its McDonald's pre-season tournament, which pits one NBA team against three European teams.

Goteborg's main indoor arena is the 13,000-seat Scandinavium, home for a Swedish Hockey League team and site of three Davis Cup tennis finals in the 1980s.

Helsinki and Tampere both have hosted the World Hockey Championships, and Tampere was the host of the Women's World Hockey Championships last month.

The NHL's plans to expand in Europe with regular-season games — Eagleson also mentioned Dusseldorf, Germany, as a future site — could hurt the International Ice Hockey Federation's plans to set up a European League.

Guthrie Sabatka, president of hockey's world governing body, presented plans for 12-team European League last September during the IIHF congress in Paris.

But Sweden and Finland, which dominate European hockey, criticized the plan.

"It would not only hurt our own national league badly but also affect the national teams schedule," said Richard Fagerlund, president of the Swedish Hockey Federation.

Sweden, despite its fifth-place in the Olympics and poor performance so far in the World Championships, where the team has a record 16 rookies, is still Europe's No. 1 hockey nation.

Sweden won last year's World Championships, made the Canada Cup semifinals in September and the Swedish Hockey League is the top domestic league in Europe. Djurgarden of Stockholm captured the European Cup last season.

It's Visitors' Night As Division Finals Open With Upsets

The Associated Press
 Maybe it's time to see if there's an away-from-home-ice advantage in the Stanley Cup playoffs? Playing at home was certainly no advantage in the opening games of the National Hockey League's four division finals. All the home teams — each of whom won their division in the regular season — lost Game 1.

"This is probably a good time to be on the road," the New York Rangers' coach, Roger Neilson, said after the Pittsburgh Penguins won the opener of the Patrick Division final, 4-2, in Madison Square Garden Sunday night.

Neilson's sentiments could have been echoed by Vancouver's Pat Quinn after his team lost, 4-3, in

STANLEY CUP PLAYOFFS
 overtime to Edmonton in the Smythe Division opener, or by Montreal's Pat Burns after a 6-4 loss to Boston at The Forum in Game 1 of the Adams Division finals.

Chicago started the visitors' sweep Saturday by taking the opener of the Norris Division final, 2-1, in Detroit. That series and the Edmonton-Vancouver series were to resume Monday night; the others Tuesday.

PATRICK DIVISION
 Penguins 4, Rangers 2: The Penguins won without much help from their big gun, Mario Lemieux, who had two assists. Instead, a 35-save effort by Tom Barrasso, who was backed by a solid defense that kept the Rangers away from the net, made the difference.

Barrasso stopped all 15 shots he faced in the first period as the Penguins, despite being outplayed, took a 2-0 lead on goals by Troy Loney and Larry Murphy. Kevin Stevens made it 3-0 at the two-minute mark of the second period.

Kris King and Tony Amonte cut the deficit to one goal before Ron Francis scored on a backhand at 12:08. Barrasso and the Penguins' checkers did the rest.

ADAMS DIVISION
 Bruins 6, Canadiens 4: The Bruins capitalized on a rare off-night by Montreal goaltender Patrick Roy, who was booed after allowing several soft goals.

The two-time Vezina Trophy winner was beaten on Boston's first shot, by defenseman Gord Hynes, and allowed five goals on the first 18 shots he faced.

The Canadiens got within 5-4 on Mike McPhee's goal at 5:40 of the third period, but Ray Bourque put a wrist shot past Roy with 1:14 left to ensure victory.

SMYTHE DIVISION
 Oilers 4, Canucks 3: Joe Murphy's goal at 8:36 of overtime gave the Oilers their series-opening victory.

Murphy picked off a bad pass by defenseman Dave Babych in neutral ice, raced into the Canucks' zone and beat goaltender Kirk McLean from between the circles to cap a game-long comeback by Edmonton, which trailed by 2-0 and 3-2.

Murphy said the key man for the Oilers was goalie Bill Ranford, whose 40-save performance included an overtime stop on Trevor Linden from close range.

Pavel Bure's goal with 7:15 left in regulation had given the Canucks a 3-2 lead, but Vincent Damphousse scored with 5:05 left to force the overtime.

So What Now Awaits Arazi, His Premature 'Retirement?'

By Andrew Beyer
Washington Post Service
LOUISVILLE, Kentucky — The sight of Lil E. Tee slogging 1 1/4 miles (2.10 kilometers) in 2:04 to win the Kentucky Derby hardly inspired a swelling of national pride. But racing in the United States has one virtue taken for granted: It's highly competitive.

Trainers and owners are expected to subject their horses to many challenges, and those who duck them are held in contempt; the horses themselves must be tough enough to cope with the demands placed on them.

Europeans, by contrast, seem obsessed with avoiding defeat.

These differences will surely be underscored by the case of Arazi, who ran the first bad race of his life in finishing eighth at Churchill Downs.

Had he been trained in this country, he'd follow the philosophy of that quintessential American, Frank Sinatra: When you fall flat on your face, you pick yourself up and get back in the race. Arazi would go to Falmis for the Preakness, where he would be favored to win and, I believe, would annihilate his rivals in the fashion that was expected of him Saturday.


But such a course would be almost unimaginable for a French-trained horse. Arazi went home stigmatized by his Derby defeat. "He didn't stay," the pundits from the foreign press declared, meaning he couldn't go 1 1/4 miles, meaning he is genetically incapable of winning at classic distances. Trying the Preakness would be futile. The 1 1/2-mile Epsom Derby is out of the question. A return to the continent that was the site of this humiliation is improbable, too.

So what's left for Arazi? He may be pointed for the 1 1/4-mile Grand Prix de Paris on June 28, though a respected British journalist said, "I'll lay even money that we never see him on a race track again."

And, following a familiar pattern, trainer François Boutin blamed everybody in sight. He criticized jockey Pat Valenzuela. He implicitly criticized one of Arazi's two owners, Allen E. Paulson, who had recommended knee surgery on the colt during the winter and insisted on this venture to Churchill Downs. And, of course, he didn't like all the disconcerting hubbub at the Derby.

But Arazi's defeat was almost certainly caused by the one thing Boutin wouldn't second-guess: his training.

If an American trainer took a horse to, say, the Epsom Derby, and declared that he was going to train the horse just as he would at home, we'd think he was a moron. But when Boutin tried to defy all American precedent and prepare Arazi in typically French style, with a single, unpreparing prep race, most folks' doubts were quelled by respect for the Europeans' habitual success in races here.

Vantage Point


There was nothing illusory about his magnificent performances as a 2-year-old, and he might be capable of even more historic achievements at 3. He deserves a chance for self-redemption. Unfortunately, he is held in the thrall of European conservatism.

Top 5 in Kentucky Derby Going to Run in Preakness
Washington Post Service
LOUISVILLE, Kentucky — Winner Lil E. Tee and the four other top finishers in the Kentucky Derby have been committed to the Preakness Stakes, the second race of the Triple Crown series.

The top five Derby finishers — Lil E. Tee, Candy Light Dance Floor, Conte Di Savoia and Pine Bluff — were pledged Monday along with 10th-place Technology and 16th-place Pistols and Roses. Aiyedee, Speakeasy, Agincourt and Dash for Dotty also are expected to run, as are possible A.P. Indy, D.J. Cat, Treacherous, Confused Gesture and the Wayne Lukas duo of Hickman Creek and Big Sur.

The May 16 Preakness could be next for A.P. Indy, trainer Neil Drysdale said, but the June 6 Belmont Stakes is more likely, with a decision expected Wednesday. Drysdale said the Santa Anita Derby winner's bruised foot, which forced his sudden withdrawal from the Derby, has scarcely improved.

SIDELINES

Open Opens on Upset by Italy's Ferrando

ROME (AP) — Linda Ferrando delighted hometown fans Monday by opening the Italian Open with a 6-1, 6-2 upset of 11th seeded Laura Gildemeister of Peru. Wild card Natalia Baudino, ranked 135th, eliminated Canada's Patricia Hy, 6-2, 6-4. Raffaella Reggi-Concato, the 1985 tournament winner, ousted Florencia Labat of Argentina, 6-2, 6-2, and a third Italian, Laura Garrone, beat Austrian qualifier Heidi Sprung, 6-2, 6-4.

The top eight seeds, including Monica Seles, defending champion Gabriela Sabatini and Jennifer Capriati, all had byes into the second round.

English Team Offers Reward After Fires

WOLVERHAMPTON, England (Reuters) — The English soccer team Wolverhampton Wanderers offered a £10,000 (\$18,000) reward Monday for information on those who have set two fires at the team's home ground.

The first fire, set Saturday, caused £100,000 damage to a stand while 32 shotgun cartridges were buried in the playing field. Early Monday, a brick was thrown through the window of the club secretary's office and a fire set inside.

A French striker Eric Cantona has agreed to a three-year contract with English first division champion Leeds United, club officials said Monday. They said Cantona will sign before returning to France for a holiday.

The Confederation of African Football said Sunday that South Africa will be allowed to play in the 1994 Africa Cup of Nations tournament. (AP)

For the Record

Tom Watt was fired Monday as coach of the NHL Toronto Maple Leafs, but will stay on as director of player development. No new coach was named. (AP)

Fred Funk, a former college golf coach, shot a final-round 2-under-par 70 Sunday to win the Houston Open and become the golf tournament's third straight first-time winner, by two strokes over Kirk Triplett. (AP)

A second horse racing track is planned in the southern Chinese city of Guangzhou following the success of the first official horse races at outlying Huangpu, even though authorities have recently cracked down on gambling, the semiofficial Hong Kong China News Service said Monday. (AFP)

Quotable

• Nick Faldo, on Masters champion Fred Couples: "He's so hot he must be wearing asbestos shorts."

CHESS

By Robert Byrne

At the American Open in Los Angeles at Thanksgiving, Joel Benjamin was the winner against the Czechoslovak grandmaster Lubomir Ftacnik.

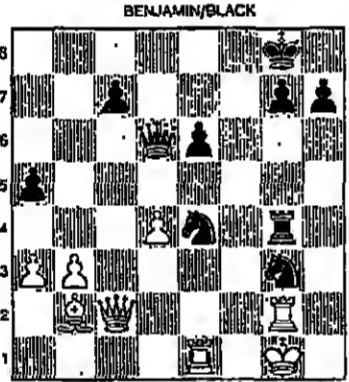
In blocking with 4 Nbd2, but perhaps against Bogo-Indian Defense. White counts on obtaining the bishop-pair after 4...O-O 5 a3 Bd2 6 Qd2. But this costs time and it soon allowed Benjamin to invade on the light squares with 8...Ne4.

Ftacnik prepared to drive out the intruding knight with 12 Nc2, but perhaps after 12...Bd7, he should have chosen the 40-key 13 f3 Nd2 14 Qd2 and planned on a slow maneuvering game. In the method he selected, 16 f4 gave the important e4-square back to Black.

Benjamin boldly reinforced it with 16...d5!, offering a gambit that would yield Black a promising attacking position after 17 d4 Nd5 18 Bd5 e19 Qc7 Bb5.

Benjamin's 23...Nf6? was a thematic pawn sacrifice for the sake of achieving king control of e4 after 24 Bc6 be 25 Nc8 Nf6. After 26 Kc2 Nf5, both players said after the game. White should have played 27 Ne7 Kh8 28 Rh3 and the outcome would have been unclear after 28...c6.

In the Dec. 23 issue of Inside Chess, Ftacnik castigates himself for playing the immediate 27 Rh3 and underestimating Benjamin's nice sacrifice of rook for knight with 27...Rc6? 28 Qc6. But it need not have worked out badly: Benja-



Position after 40 Rg2

min said during a recent conversation that after 28...Qg6 29 Kh2 Qg4 30 Re1 Nhg3, Ftacnik had miscalculated the consequences of 31 Rg1! Qc2 32 Rg2 Nf1 33 Kgl Qe1 in his annotations, overlooking the powerful defense, 34 Qc1! Benjamin further pointed out that he would therefore have had to take a draw with 31...Nf1 32 Re1 Qc2 33 Kgl Qc4 34 Kh2 Qe2, forcing a repetition of position.

After 31 Qc2?, Benjamin bored in with 31...Qf4 32 e3 Qd6 33 Kgl f4! 34 e1 Rf4. Ftacnik mentions that he could have tried 35 Qc2 Rf2 36 Rg3 Rg2 37 Rg2 Qf4 38 d5 but that after 38...e5, Black should win.

Benjamin allowed the position to be repeated twice, at moves 38 and 40, in order to gain time on his clock. What

prevented Ftacnik from claiming a three-fold repetition was that the h4 pawn was still on the board at Move 36.

Benjamin's last move to the time control, 40...Ng5!, was a crusher. On 41 Qd1, there could have followed 41...Nh3 42 Kf2 Nc1 43 Kh3 (or 43 Kh1 Rg2 44 Kf2 Kc2 Qc3 45 Kh1 Nf2 mate) Rg5 44 Kh2 Rg7 45 Kc2 Qc3 46 Kf1 Qf3 mate. On 41 Qd3, there could have followed 41...Nh3 42 Kh2 Ne2 43 Kh3 (or 43 Kh1 Rg2 44 Qh3 Nf4 45 Qc3 Qd5 46 Re5 Rg1) Rg2 44 Kc2 Nf4, winning the queen.

Ftacnik tried 41 Re5, but after 41...Ne3 42 Kf2 Ne5, he could not play 43 Rg3 because of 43 Qf8 Kc2 44 Qf3! winning outright.

Dazed and defeated, Ftacnik wandered into 45...Qf3 mate.

BOGO-INDIAN DEFENSE

White	Black	White	Black
Ftacnik	Benjamin	Ftacnik	Benjamin
1 d4	Nf6	23 Rac1	Nf6
2 Nf3	e6	24 Bc6	bc
3 c4	Bb4	25 Ne5	Nd6
4 Nbd2	O-O	26 Kc2	Nf5
5 a3	Bc2	27 Rf3	Rc8
6 Bc2	Qc7	28 Qc2	Qc8
7 Bb1	Nbd7	29 Kh2	Qd8
8 Bb2	Ne4	30 Re1	Nd3
9 Qc2	Qc5	31 Qc1	Qd4
10 g3	Nd6	32 e3	Qd6
11 Bc2	Nd6	33 Kgl	f4
12 Nc2	Bd7	34 e4	Rf4
13 f3	Nf5	35 Rg2	Rf4
14 Nf4	Nf5	36 Rg3	Rf4
15 Nc3	Qc5	37 Rg2	Rf4
16 Nc2	Qc5	38 Rg2	Rf4
17 Bc2	Qc5	39 Rg2	Rf4
18 e2	Qc5	40 Rg2	Rf4
19 Nc2	Qc5	41 Rg2	Rf4
20 Nc4	Qc5	42 Rf2	Qc5
21 Kf2	Ra6	43 Qe	Qb5
22 Ne5	Nd6	44 Kc2	Nf1
		45 Qd3	Qf3 mate

BOOKS

TURTLE MOON

By Alice Hoffman. 255 pages. \$21.95. G.P. Putnam's Sons, 200 Madison Avenue, New York, New York 10016.

Reviewed by Michiko Kakutani

THE ingredients of Alice Hoffman's latest novel, "Turtle Moon," are similar to those used in her last novel, "Seventh Heaven" (1990): a single mother with a troubled adolescent son, who arrives in a new town to try to begin a new life.

This time, however, Hoffman does not attempt to turn her characters' stories into a metaphor for societal change. "Turtle Moon" aspires to be little more than a straightforward story, a murder mystery combined with a domestic drama about parents and children, estranged husbands and wives.

The story opens in a small town named Verity, Florida, where "nothing ever happened." The rents are low in Verity and the scenery is pretty, and in recent years the town has become a magnet for divorced women and their children.

Among them is Lucy Rosen, a pretty exile from Long Island who's at a complete loss as to what to do about her son, a 12-year-old hellion named Keith, whose favorite pastimes are shoplifting and cutting school.

Keith does not respond to discipline or heart-to-heart talks; he is so mean, Hoffman writes, that he doesn't even bleed when he's hurt. Although Lucy is too proud, too possessive to let Keith return to Great Neck to live with his father, she has just about despaired of connecting to her unhappy, unruly son.

This May, their worst fears are fulfilled: early one morning the police receive an anonymous phone call and discover the body of a woman dead in her apartment. Her name is Karen Wright and her year-old daughter is missing. Also missing is Lucy's son, Keith.

Lucy knows that he would never kidnap a baby, but she also knows that she must try to find him — and the real murderer — before the police can take him in for questioning. Her ally and confidant in the search is one Julian Cash, an ugly brute of a man, who trains the search dogs used by the police to find missing persons.

Lucy's search for the murderer takes her — and Julian — back to her former home in Great Neck, where she will uncover her dead neighbor's real identity. She will also re-encounter her former husband and confront her past life with all its mistakes, omissions and regrets. Somewhere along the way, she will find herself falling for Julian, a development both of them greet with a mixture of passion and confusion.

These developments — combined with a series of cute, supernatural events that are never organically integrated into the overall narrative — eventually undermine the novel's emotional power; the reader finishes the book feeling vaguely manipulated, and hence detached from the characters' fates. The result is a book that's entertaining enough to read, but lacking in significant emotional afterlife.

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Michiko Kakutani is on the staff of The New York Times.

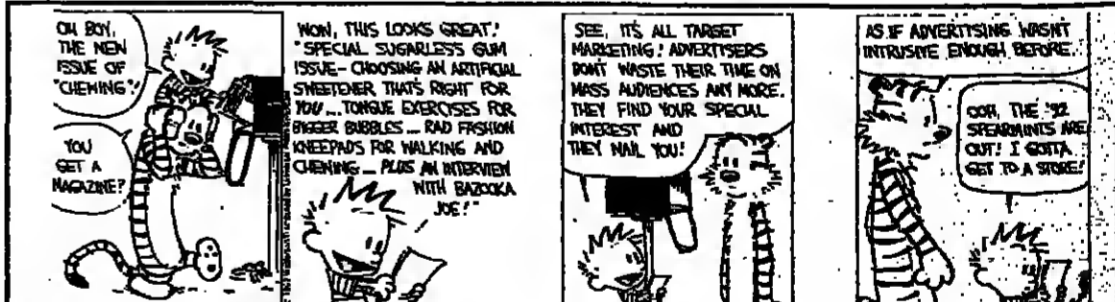
PEANUTS



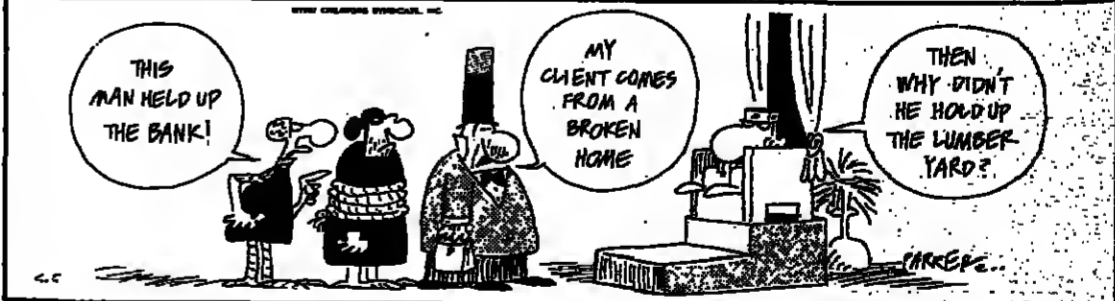
BEEBLE BAILEY



CALVIN AND HOBBES



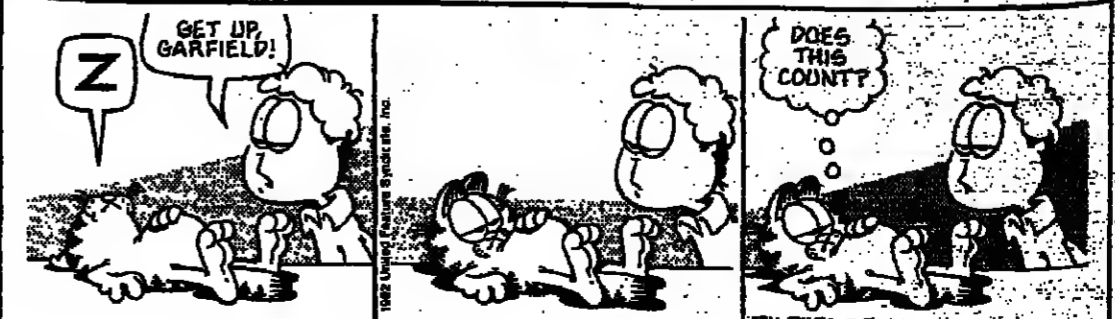
WIZARD of ID



REX MORGAN



GARFIELD



DOONESBURY



DENNIS THE MENACE



JUMBLE

Unscramble these four Jumble words to form four ordinary words.

INSIF
 DATUC
 BLIMEN
 CANTIG

Print answer here: _____

Answers tomorrow

Yesterday's Jumble: POCUS DRAFT SPRING BARRON
 Answer: "They'll have a beautiful glow for my son?" — "WE DON'T SWAP"

SPO
 Ocean Goes
 2-for-5. Phil
 Rout Giants

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Cleaning Up the Air

WASHINGTON—The White House is divided on the president's environmental policies...



Buchwald

I thought I had my mind made up on the issue until I talked to Dolph Sand, the lobbyist for the Live and Let Live Anti-Environment Protection Association...

"Suppose you never say it" I asked. "The administration has much more faith in our factories and plants than you do...

"Now, if industry was in charge, here's how we would handle it. One of our CEOs, let's call him Doc...

Joffrey Ballet Postpones Los Angeles Opening

NEW YORK — The Joffrey Ballet is postponing its opening in Los Angeles because of the riots that engulfed the city...

"I don't think they died from the smogstacks. My environmental experts tell me that the squirrels were being dying from drinking the water around the plant..."

Coral Sea, 1942: The Turning Point



The U.S. carrier Lexington damaged and sinking on May 8, 1942. Despite this loss, the battle of the Coral Sea stopped the Japanese advance in the Pacific.

By Michael Richardson
INTERNATIONAL HERALD TRIBUNE
SYDNEY — As midshipman of the watch on the open bridge of the cruiser Australia...

These mistakes were typical of many misidentifications, communication delays and other problems that plagued both sides in the battle of the Coral Sea...

foundations of the Midway victory laid," said Coulthard-Clark. Japan led a light carrier, the Shoho, in the Coral Sea battle...

airfields as a springboard into Asia and the Pacific islands. By thwarting these objectives, the Coral Sea battle, although inconclusive, marked the start of the turn in the tide of war in the Pacific...

PEOPLE

\$200,000 Paid for Ball Ruth Hit for Record?

A ball that Babe Ruth may or may not have hit for the 68th home run of his record-setting 1927 season, sold for \$200,000...

The rock singer David Bowie, 43, has married the Somalia-born fashion model Iman, 36, in Lussembourg, Switzerland...

China's king of rock 'n' roll, Cai Jian, is scheduled to give his first officially sanctioned concert in two years later this month...

PERSONALS

We all have to die. Thanks for everything. THANK YOU SACRED HEART of Jesus and St. Jude for prayers...

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Various small advertisements and notices on the far right edge of the page.